Carsten Frerk

Caritas and Diakonia

in Germany



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With a foreword by Johannes Neumann

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Contents

Foreword
By Johannes Neumann 9

I. Introduction 17

II. The Associations of Independent Charities

II.1. The Member Organisations 21
II.2. General information about LIGA 22
II.2.1. Staff numbers 22
Appendix I: Organisational Divisions 27
Appendix II: How big is 'big'? 28
Appendix III: 'Employer' and 'Group' 31
II.2.2. Overall figures 33
II.2.3. Economic significance of the LIGA 36
II.2.4. Representation in the federal states 38
II.2.5. Is LIGA an oligopolist? 42
II.3. State funding for the BAGFW's association work 45
II.3.1. Federal grants 45
II.3.2. State grants 46
II.3.3. Grants at district level 48
II.3.4. Grants from independent cities 49
II.3.5. Other central government grants 49
II.4. Other supra-regional funding 49
II.4.1. (Social) lottery funds 49
ZDF: *Aktion Mensch* 50
ARD: *Die goldene 1* 51
GlücksSpirale 52
Lucky Chum / *Lucky Beetle* 52
Summary 53
II.4.2. State lotteries / casino levies 54
Appendix IV: BAGFW and Regional Courts of Auditors 57
II.4.3. Foundations 59
Charitable foundations 59
Political foundations 61
II.4.4. Charity stamps 62

II.4.5. Donations, collections, fundraising, fines 63
Donations 63
Appendix V: Charitable Work 65
Fundraising 66
Collections 68
Fines 69
II.5. 'Low-cost' staff 70
II.5.1. Volunteers 71
II.5.2. People performing community service 75
II.5.3. Voluntary social year 78
II.5.4. Job Creation Scheme workers 81
II.5.5. 'One-euro jobs' 83
II.6. Membership fees 84
App. VI: Membership fees for Caritas and Diakonia 85
II.7. Privileges 86
II.8. Income from assets 86
II.9. Central support services 86
II.9.1. Framework agreements 87
II.9.2. Bonus cards 88
II.10. Summary of Financing Options 88

III. Diakonia and Caritas

III.1. The distinctive features of denominational organisations 91
The Church's 'right to self-determination' 92
The self-image of denominational organisations 93
III.1.1. Denominational affiliation and organisations 98
III.1.2. The denominational nature of the organisations 99
Excursus VII: Bullying out of 'charity'? 108
Digression VIII: Compulsory Denominational Affiliation 110
Digression IX: The Third Way 115
The Third Way – where to? 118
Appendix X: Anti-Discrimination Act 121
III.1.3. How denominational is a private institution? 123
Health retreats for children 123
Addiction clinics 125
III.1.4. State-run? Religious? 125
III.2. A brief historical overview 126
III.2.1. Inner Mission 127
III.2.2. Caritas Association 129
III.3. The German Caritas Association 131

III.4. The Diakonisches Werk 134
Digression XI: Growth or incorporation? 138
Digression XII: Extensiveness or Intensity? 139

IV. Fields of activity

IV.1. Concentration and Diversity 142
IV.1.1. Facilities 142
IV.1.2. Number of places / beds 143
IV.1.3. Number of employees 143
IV.2. Areas of activity (in alphabetical order) 145
Retirement and care homes 146
Railway Station Mission 166
Counselling centres 174
Child and Youth Services 181
Child-care centres 184
Hospitals 195
Mother-and-child health retreats 208
Ambulance services / patient transport 218
Social welfare centres 221
Tracing services 233
Addiction support 235
Telephone counselling 245
Association work / Central services 255
Workshops for people with disabilities 267

V. Overall overview of DCV / DW

V.1. Key areas of activity 275
Excursus XIII: From Samaritan to social enterprise? 275
The structure of the Würzburg Diocesan Caritas Association 276
Organisation / Partnerships of the Liebenau Foundation 279
Large denominational organisations / social enterprises 281
The Brussels Circle 293
Social network 294
Service Network 294
Excursus XIV: Charitable 'Monopoly' 295
Caritas Trier Operating Organisation 296
German Order Hospital Service 298
Summary 303
Sustainable 304

Digression XV: Self-help groups 306
V.2. Funding 308
'Church tax' 311
V.3. Investments 314
Appendix XVI: Reconstruction in the East 317
Diakoniewerk Kloster Dobbertin gGmbH 318
Schönholzer Heide Foundation 321
Summary 322
V.4. Fixed and capital assets 323
V.4.1. Fixed assets 323
V.4.2. Capital assets 329
V.5. Summary 333

Bibliography 337
Tables and summaries 343
Notes 349

Foreword

To the best of my knowledge, this study is unprecedented in its scope, rigour and findings. Only those who have themselves attempted to collect figures in this field can appreciate the effort that has gone into this study. When, some 20 years ago, I sought plausible data from both organisations – with their general consent – regarding the care of people with disabilities, I was almost driven to despair by the impossibility of obtaining reasonably reliable information. When we later provided the associations with the figures we had collected, they were either alarmed – because we had uncovered the true figures they did not wish to disclose – or delighted, because they now had a vague idea of what was happening within their sectors. For the associations' reluctance to provide figures on their work, let alone on their finances, is typical and long-standing. Even within their own 'group', they guard their own data closely. This is undoubtedly as much an expression of a mistrust that appears to be systemic as it is a consequence of a peculiar 'cameralistic' accounting system, but also of a particular understanding of the 'divine right of kings', which believes itself accountable solely and exclusively to God.

Under this 'haze' of secrecy, the Church's social organisations have been able to develop into large corporations on a global scale: The unsuspecting observer sees only the friendly nun or nursery teacher; they are unaware that the individual hospital or nursery belongs to a 'welfare conglomerate' or – more generally – to the 'Merciful Group'. Neither the churches nor the welfare organisations are fond of this labelling. They feel misunderstood and discriminated against as a result. The five organisations describe themselves as the 'LIGA der freien Wohlfahrtspflege' (League of Independent Charities), although they differ considerably from one another in terms of power, influence and resources.

The author explains why, despite the 'federal' structure of these organisations, it is appropriate to refer to them as corporate groups. He compares the number of employees at Caritas (499,313) and Diakonisches Werk (452,244) in Germany with the number of employees at Siemens (426,000 worldwide), Daimler-Chrysler (363,600 worldwide) and VW (324,800 worldwide). This brings into sharp relief the scale of what is at stake. These proportional figures are also reflected at regional and diocesan levels: for instance, the Diocesan Caritas Association of North Rhine-

Westphalia employs 192,800 staff, BAYER AG (in Germany) 51,500 and HENKEL AG 47,200. – Caritas and the Diakonisches Werk are therefore likely to be – at least across Europe, if not worldwide – the largest non-governmental employers: social services have certainly become a significant economic sector (in Germany). However, it is almost without exception funded by the public sector, health insurance funds or the users themselves.

This globally unique position of the church-run welfare organisations has a history worth noting: following the collapse of the Nazi regime, the two major churches very quickly succeeded in assuming a leading role in socio-political affairs. They were aided in this by the fact that they were the only large institutions whose infrastructure had survived the dictatorship and the war unscathed. They had a branch in every village. For this reason, even the occupying powers required the churches' communication channels. Furthermore, the churches alone still possessed, to some extent, focal points for the development of a welfare system in the local Caritas and Diakonia centres. All other associations and organisations were, if not completely dismantled (such as the political parties and trade unions), then at least severely impaired in their organisational capacity (such as the local authorities and the technical infrastructure). By the time organisational reconstruction could begin with the establishment of the state governments – and, from 1949, the Federal Government – the churches and their welfare organisations were already fully operational.

When, in 1950, the first German Federal Government's draft of a Works Constitution Act – drawing on the pre-1933 regulations – provided that the employment relationships within the churches and their charitable and educational institutions, as 'tendency enterprises', should be subject to general labour law, the churches protested vehemently. They claimed that the proposed law would threaten their constitutionally guaranteed autonomy. They invoked the so-called *principle of subsidiarity*.

This theoretical construct was formulated by the Liberals in the 19th century and held that: tasks which fall to the smaller social unit – that is, the family or the local community – and which it is capable of carrying out itself must not be taken out of its hands by a higher authority. Rather, it must be enabled to fulfil its original tasks. This originally liberal approach was later adopted by Centre Party politicians and, following the Encyclical *Rerum novarum* (1891) as the *natural-law* basis *of any* social order.

In the reconstruction of social law after 1951, the (Catholic) Church had claimed this 'supreme socio-philosophical principle' for itself. It defined itself as the 'closer unit' to the individual in each case. With the help of this self-devised strategic formula, it occupied crucial key positions in the field of social policy. Although Roman Herzog had already noted in 1975 that this concept was unsuitable for defining *specific* areas of responsibility, the churches and their charitable organisations continue to insist on adherence to this 'principle'.

In ecumenical harmony, the leaders of the German Protestant and Catholic Churches therefore approached the Federal Government in early summer 1951. They demanded that the Works Constitution Act should not apply to 'employees of religious societies and their institutions, *irrespective of their* legal form'. If they were granted their own right to organise, they would introduce a model of employee participation that would serve as an 'exemplary' model for all other sectors. The legislature eventually bowed to pressure from the churches and exempted them from the provisions of the Works Constitution Act. Consequently, general labour law *does not* apply to employees of church institutions *of any legal form*. However, it took the churches a quarter of a century before the Catholic Church in 1977 and the Protestant Church in 1978 had drawn up their own regulations for their employee representative bodies. The result was anything but exemplary. These 'employee representative bodies' can rightly be regarded as forerunners of the 'deregulation' of workplace participation that is so vigorously promoted today; in that respect, they were truly 'future-proof'.

The nearly one million staff members of the churches and their charitable institutions have *no* genuine rights of co-determination. Moreover, they are subject to specific religiously based requirements regarding their private lives. Although those affected repeatedly demand rights of co-determination, it is the church leadership *alone* that determines *how* church labour law is shaped.

In this context, the application of the concept of 'church affiliation' to welfare organisations has been increasingly broadened through interpretation. For example, employees in a limited liability company (GmbH) whose board of directors includes a clergyman in accordance with the articles of association, or which is *recognised* as 'church-affiliated' by the church leadership, are not permitted to form a works council. It is solely up to the management to establish an employee representative body.

Consequently, trade unions are not permitted to visit their members in a church-run institution without restriction. Without the consent of the management of the institution in question, they have no right of access. Here, with the express approval of the Federal Constitutional Court, the right of association protected by Article 9(3) of the Basic Law is restricted, as this right is protected only in its core area. It is therefore incumbent upon the legislature to determine the scope of freedom of association (BVerfGE 57, 220).

The ordinary courts may rule on disputes involving the churches or their associations only if 'the laws applicable to all' do not exclude the matter in question from their jurisdiction; for example, in the case of contracts with third parties (such as sales contracts, tenancy matters or employment law issues subject to the Protection against Dismissal Act).

The ecclesiastical fiction assumes that there is no conflict between 'capital and labour' in church-run organisations, as these constitute a spiritual 'community of service' in which all serve the same goals: the salvation and well-being of humankind. From this, a special duty of loyalty on the part of church employees towards their employer is derived. For example, the remarriage of divorcees, a change of denomination, leaving the church, or signing a petition opposing the church's stance on ethical issues (such as abortion) constitute grounds for dismissal (see, inter alia, Federal Constitutional Court ruling of 4 June 1985).

When, following reunification, numerous welfare institutions were taken over by the churches or their diaconal organisations on a blanket basis and often for only a symbolic fee, staff members who had previously been non-church-affiliated found themselves within the fold of the church and were often faced with the choice of either joining a church (through baptism) or losing their jobs; just as in the 'Wenden Mission' a thousand years ago. The church-run welfare organisations did not have the 'decency' to become active as providers of services in the New Federal States only to the extent that they could also find Christian staff.

In the field of child and youth care, the so-called 'one-third solution' has long been in place: the provider, the local authority and the parents each paid a share – of varying sizes. In this context, the local authority's share has risen to more than 60 per cent (in Hesse), whilst the church's share has fallen. Although their financial contribution has in some cases declined drastically, church-run institutions insist on retaining control over the spiritual orientation and the right to decide on staff

recruitment *alone*. Even if they no longer contribute to their upkeep, they will know how to safeguard their rights, as an 'unsuspecting' public authority has often financed both the land and the buildings standing on it, meaning that the church institutions are the 'owners'. – In normal business life, this would be termed 'unjust enrichment'.

Citing the right to self-determination of religious communities enshrined in the Constitution, religious welfare organisations have managed to ensure that they do not (for the most part) yet have to account to the courts of auditors for the use of state grants. It was only with great difficulty that the federal government and individual Länder, including Bavaria, were able to enforce their constitutional right and have the courts of auditors scrutinise the use of state funds. In Bavaria, the audits revealed a recovery rate of 52.2 per cent. In 1995 alone, the federal government was able to reclaim 8.5 million DM from the Diakonisches Werk. It is incomprehensible that the other federal states, whose coffers are equally empty, do not pay closer attention to ensuring compliance with standards and the prudent use of public funds in this regard. To the outsider, this negligence gives the impression of misappropriation of state funds.

In the 1950s, a peculiar division of labour developed between the funding bodies and the welfare organisations: the various funds and public authorities provide the funding; the 'independent' welfare organisations – primarily the churches and their welfare organisations – carry out the practical work of assisting and caring for those in need. Under this division of responsibilities – which the churches had emphatically demanded for their welfare organisations – the state or local authorities were prepared or obliged to pay the providers 'reasonable' remuneration. In this way, the public authorities had no trouble with either the staff or the service users. Where shortcomings actually arose and assistance proved inadequate, the funding bodies could point to the 'independent' organisations' operational responsibility. Thus, systemic dissatisfaction with the social welfare system (for which the state was responsible) was redirected onto those working on the ground. The blame then lay with the individual actors, not with 'the' welfare state. In this way, the German welfare state has remained a patriarchal welfare institution, as the state and association-based providers negotiated on behalf of those in their care without involving them. In this dual relationship, service users exist solely as cost factors. Reforming or dismantling this patriarchal system – as the current upheavals – will not be possible without significant sacrifices,

particularly for the vulnerable. Under the growing influence of EU law and the free movement of social service providers, the quasi-monopolistic position of the churches and their welfare organisations will not be sustainable.

Commercial service providers have altered the previous system – whereby the public sector pays and the 'independent' organisations carry out the work with people – insofar as they now see themselves as service providers. Until now, the commercial providers have gone largely unnoticed alongside the oligopolists and could be overlooked. Consequently, it has often been overlooked that (whilst maintaining roughly the same standard of service) they frequently operate in a way that is more client-focused, more effective and more cost-efficient than the (church-run) welfare organisations.

Their emergence – which is taken for granted in other countries – is currently coinciding with the dwindling financial resources of public budgets and the growing poverty of ever-wider sections of the population, whilst the wealth of a select few continues to increase: a profound social crisis is becoming apparent, and no one knows what the right course of action is in this situation. This calls into question the traditional asymmetrical division of labour between public and independent organisations. Welfare organisations, too, must now adapt to market forces. Through working-time targets and similar methods, they are attempting to make their work performance transparent and in line with market conditions. As a result, they now differ little from other providers in terms of their working practices, the motivation of their staff and their business conduct. This, however, raises the question of the extent to which the privileges granted to them – which distort competition in the market – are still justified.

As the findings presented by Carsten Frerk show, the churches have done little to contribute to cost containment and quality assurance, and when they did, it was (too) late. On the contrary, by concealing the real costs and through the lack of transparency in their accounts, they have significantly accelerated the drain on the social welfare systems. Added to this is the fact that the outdated structures of the welfare organisations, along with their bureaucratisation and commercialisation, hold little appeal for those wishing to volunteer.

In the recently initiated debate on civic engagement in 'civil society' – which centres on a new relationship between the state and society – the dominance of the LIGA, and thus also that of the church-affiliated organi-

sations, faces no threat – for the time being. In the commission planned by the Federal Government, 'Impulses for Civil Society' the executive boards of the organisations represented in the LIGA will be represented alongside representatives of the relevant ministries. They will not simply let their interests be taken away from them! On the contrary: it is safe to assume that volunteers will be channelled into the associations and made to serve them; yet this will only serve to obscure the misery of our social system once again. For 'the large bureaucratic organisations are, in some respects, in direct contradiction to voluntary civic engagement': the social sector is – even today – a 'closed shop'!

The amicable understanding between ministries and the associations united within the LIGA is not confined to the federal level but extends like a 'fair-weather front' across the federal states down to the local authorities. Every year, 18.5 million euros flow from the federal budget into LIGA's coffers; according to an agreed formula, this is partly used for central tasks and partly passed on to the member organisations. However, the federal states also subsidise the 'state working groups' with a further total of 45 million euros for 'central administrative and coordination tasks'. The associations united within LIGA thus receive, up front, 63.5 million euros for central bureaucratic tasks alone. In addition, the 'umbrella organisations' are subsidised in a similar manner by the districts and local authorities to such an extent that they have been able – impermissibly – to build up substantial reserves.

More important than the question of who, what and how much of the church's 'charitable work' is, on the one hand, the question of how the staff in these organisations perceive their own role and, on the other, the religious interests of the clients and the market situation. The denominational associations may find themselves in the dilemma of positioning themselves in the market as denominational organisations in order to obtain financial and legal protection and, at the very least, to retain the church's clientele. However, because they are 'charitable', they must admit anyone who asks to be admitted. On the one hand, this dilutes their denominational character; on the other, it means that patients and the dying who have no religious interest are sometimes subjected to immense missionary pressure.

In everyday practice, it becomes apparent that, beyond all theological postulates, the much-emphasised 'distinctive character' of church-run social institutions is often barely recognisable. Conversely, many 'private clinics' today are, on the one hand, legally 'private' as a result of acquisitions and (partial) privatisation, yet on the other hand, under employment law, they are 'church-run'. It may therefore be the case that non-religious

humanists search online for a ‘private’ institution and end up in a church-run one.

Anyone wishing to understand the structure of social association work and how it is interlinked with state organisational structures will find comprehensive information in this study. The historical complexities of this subject are, if not deliberately exacerbated, then at least benevolently tolerated by the associations involved and benefiting from the system. This serves to insulate this market not only from scrutiny but, above all, from new commercial competition.

The author sheds light on a labyrinthine area of our society that the institutions involved wish to keep as hidden as possible: for withholding information is power! And those who hold power have no desire to share it with others!

I hope you enjoy this fascinating read!

Oberkirch/Baden, February 2005 *Johannes Neumann*

Introduction

This work presents the findings of a study focusing on welfare organisations in Germany – in particular the Diakonisches Werk of the Protestant Church in Germany and the German Caritas Association. It is, however, an endeavour that encounters a situation which, as early as 1989, was described by analysts within the church as rather opaque in terms of its transparency.

'The diaconal work of the 19th century, supported primarily by numerous circles of friends and benefactors, took its duty to provide information very seriously and regularly reported on the origin of its financial and material resources. The annual reports of the institutions of that time list every single donation in great detail, report on the source of other funds and provide itemised evidence of expenditure. With the emergence of welfare state-guaranteed benefit schemes (from 1911 onwards), the funding of the Diakonia underwent a fundamental change in a process that continued into the post-World War period. [...] With regard to the overall situation of the Diakonia in the Federal Republic, as well as in view of "Today, the sponsoring bodies feel virtually no obligation to provide information to individual institutions."

"Generally speaking, the debate between the Church and the Diakonia regarding the level of the 'Church quota' [the proportion of Church contributions towards the Diakonia's operating costs, C. F.] or the 'Diakonia quota' [the level of contributions to the Diakonia in church budgets, C. F.] is highly politicised, and neither sides therefore shows any. And, in my view, these interrelationships are certainly not made sufficiently transparent to a critical public."[1]

This description also applies to the relationship between the Catholic Church and Caritas. Furthermore, in times of 'tight budgets' – both in the public sector and within the churches – there is even less willingness to disclose figures in the face of the battle over the distribution of increasingly scarce resources. These figures would allow for comparisons to be made, and both state and church bodies could more readily cut their subsidies if they knew that the financial situation might not be quite as tight as it is portrayed to the outside world. The current situation is not much different from that in 1978:

"Today, now that charitable organisations have long since been re-established as a social 'pillar', they remain closed to critical scrutiny. It was certainly not without reason that an employee of one of their umbrella organisations remarked: 'Withheld information is power'."[2]

This is a consistent reiteration of a finding that a project funded by the German Research Foundation had already made as far back as 1963–1965: 'The reluctance of the associations' local and regional staff to provide insight into the associations' budget plans and accounts was pronounced.'[3]

This fundamental tendency to 'keep the right hand in the dark about what the left is doing' is compounded by a mentality widespread in Germany whereby, in friendly discussions about all manner of issues concerning an organisation – its history, structure, etc. – the moment the question of its funding arises, the 'traffic lights' of willingness to talk suddenly switch to 'red' and nothing more is said. Note: Asking about 'the money' is 'not done' in Germany.

To give just one simple example, the 2002 annual report of *the Düsseldorf Railway Station Mission* states the following regarding *funding*: 'The Railway Station Mission's staff costs are funded by the sponsoring organisations. Operating costs are borne proportionately by the two sponsoring organisations. In 2002, too, many donors supported the railway station mission. The Diakonisches Werk again allocated funds from collections in 2002. The premises and ancillary costs for water, electricity and heating are provided free of charge by Deutsche Bahn AG." That is all; no figures are given – apart from the year.

Particularly in the many relatively small areas of activity that are supported by *mixed funding* – i.e. where there are various cost-bearers and funders – even the existing federal associations are unable to provide sufficient information on funding, as, firstly, they are not permitted under formal legal terms to demand this information from the individual independent organisations – and so are careful not to 'put a foot in it' – and secondly, because each individual organisation has a different composition of mixed funding, depending on the administrative principles, contacts, acquaintances, traditions and affiliations or loyalties that exist.

Furthermore, the figures provided by the churches are more confusing than helpful, as they are presented according to a peculiar 'cameralistic' system – following the logic of a small self-employed person's income-expenditure-surplus account – in which all income is listed separately from all expenditure. This leads to the phenomenon that, for example, for the EKD as a whole (in 2003), expenditure of around 2,345 million euros is reported for 'church social work' – without a breakdown of which institution-specific *income* (e.g. earmarked state grants) corresponds to this.

This gives the (false) impression that the churches themselves finance these 2.3 billion euros from their own resources.[4] They do not.

Furthermore, each sponsoring body or institution naturally publishes figures only for itself; and if, for example, a column of figures is headed 'Annual Report of the Diocesan Caritas Association XY', one must always check carefully to which and how many institutions these figures refer. The impression that all Catholic institutions within a diocese that are members of the German Caritas Association also appear in the Diocesan Caritas Association's list is incorrect; only those institutions for which the DiCV is the *sponsoring body* appear there – so possibly not hospitals that are, for example, run by religious orders. In this regard, the uninformed observer must always be careful not to regard published partial figures as representing the whole picture. Nevertheless, it is possible to piece together many isolated and publicly available pieces of information from various sources, much like a jigsaw puzzle or a mosaic. This report presents parts of that jigsaw.

For some areas of activity, it was not possible to compile the exact total figures for all service providers. As a general trend, it can be said that the smaller the sector and the less 'systematically organised' it is, the more difficult it is to collect data.

Furthermore, the research took place during a period (the second half of 2003 / early 2004) in which cuts to state subsidies – ranging from reductions to complete cancellations – had been announced in all federal states, although the process of determining the actual reductions had not yet been finalised in all cases. Furthermore, the internal church debate on the reduction of grants due to falling revenue from church tax, donations and collections had not yet concluded.

A report from 1996 illustrates just how long these changes have been on the 'agenda':

"In Munich, priests, teachers and parents bombarded Caritas with hundreds of letters of protest when it became known that the Catholic welfare organisation intended to 'wind up' its parenting advice services in the Bogenhausen and Forstenried districts. In Berlin, the adoption service is set to close. Dozens of childless couples feel abandoned. In Cologne, the stronghold of Rhineland Catholicism, capitulation looms: if health insurance funds pay only as much as provided for in the healthcare reform, Caritas may, in the worst-case scenario, have to close all 60 care wards, which currently look after 15,000 elderly and sick people. The mercy are

running out of money. Subsidies from the federal government, the states and local authorities are dwindling, church taxes are crumbling, and the bishops are skimping. Generous donors are either leaving or passing away. Charity stamps now only delight a handful of collectors. Nurseries and workshops for people with disabilities, care homes for the elderly and advice centres have long been putting a strain on the now-shrinking budget."[5]

However, this situation, which has persisted for years, also revealed a positive side – for the purposes of this research – in 2003/2004, as figures were suddenly cited regarding what financial flows had been in place up to that point, what was now to be cut, and what would remain in place...

II. The Associations of Independent Charities

II.1. Member organisations

The term 'independent welfare organisations' is generally understood to refer to the *Federal Working Group of the Umbrella Organisations of Independent Welfare Organisations* (BAGFW), which is also known as *LIGA* (using the name from 1924: 'German League of Independent Welfare Organisations'). Its member organisations are the *Workers' Welfare Organisation* (AWO: 135,000 staff), the *German Caritas Association* (DCV: 499,313 staff), the *German Parity Welfare Association* (DPWV: 160,000 staff), the *German Red Cross* (DRK: 75,356 staff), the *Diakonisches Werk of the Protestant Church in Germany* (DW: 452,244 staff) and the *Central Welfare Organisation of Jews in Germany*, for which no staff figures are available.

Caritas and Diakonia, with around 500,000 and 450,000 staff respectively, each have more staff than the other four organisations combined (370,000 staff).

Overview 1: Members of the LIGA	*Employees*	*approx. %*	*(Year)*
AWO (Workers' Welfare Organisation)	135,000	*10%*	(1999)
DCV German Caritas Association	**499,313**	***38%***	(2003)
DPWV German Parity Association	160,000	*12%*	(2000)
DRK German Red Cross	75,356	*6%*	(2002)
DW Diakonisches Werk of the EKD	**452,244**	***34%***	(2002)
ZWSTdJ Central Welfare Office	n/a	–	.
Total around	*1,321,900*		.

The initial impression that the two large denominational associations are the 'heavyweights' of the LIGA will be examined in more detail below. (The relative sizes of the LIGA associations also correspond quite closely to their shares in the Bank für Sozialwirtschaft's share capital: 33 per cent for the DCV and DW, 11 per cent each for the AWO, DPWV and DRK, and 1 per cent for the ZWStdJ.)

The figures provided will relate primarily to the year 2000 – the year for which detailed data was available as the most recent at the time of writing this report.

II.2. General information on LIGA

II.2.1. Staff figures

The above figures for employees correspond to the data and information provided by the respective associations. However, all associations have their own counting criteria and a wider 'network' of organisations – such as affiliated clubs, corporate members, and the like – which are not included in these figures. None of the associations are aware of this total number of employees, and they define their counting criteria differently from the *German Social Accident Insurance Institution for the Health and Welfare Services*, within which all the associations previously formed individual departments to which these additional organisations and their employees were then assigned. A comparison of the two sets of figures reveals some surprising results (*Overview 2*).

Overview 2: LIGA staff

Association	*Association details*	*Occupational Accident Insurance Associa-*	
	tion (2002)	*Difference*	
AWO	135,000	143,855	8,855
DCV	**499,313**	**715,697**	**216,384**
DPWV	160,000	490,893	330,893
DRK	75,356	126,150	50,794
DW	**452,244**	**732,355**	**280,111**
Total	*1,321,913*	*2,208,950*	*887,037*

The number of employees reported to the employers' liability insurance association for the welfare organisations is two-thirds (67.1 per cent) higher than the figures quoted by the organisations themselves. Around 900,000 more employees are allocated to the organisations of the Federal Association of Independent Welfare Organisations in this count than they themselves report, which means that they do not in fact employ 1.3 million people, but have 2.2 million employees.

Based on the statistics from the Federal Employment Agency,[6] which for 2002 lists around three million (3,049,151) employees subject to social insurance contributions in 2002, the BAGFW (2,208,950) would account for 72 per cent, whilst the two denominational organisations (1,448,052 employees) would account for around half (48 per cent) of the workforce in this sector.

The number of employees within the catchment area of *the German Parity Welfare Association* has tripled from 160,000 to 491,000 – an indication of the association's relatively decentralised structure, which has a very large number of corporate members (i.e. an institution [= corporation] becomes a member, but not its employees). For both *Caritas* and *Diakonia,* the number of employees in their respective catchment areas has risen to 716,000 within the Caritas Association and to 732,000 employees within the Diakonisches Werk. In other words, according to the figures from the employers' liability insurance association, around 500,000 more people are classified as employees of the denominational organisations than the organisations themselves do.

Are the organisations under-reporting their size?

As far as could be ascertained, at least not intentionally. These differing figures are based on several factors, including: the employees recorded, membership of the organisations – or lack thereof – and corporate members.

The employers' liability insurance association is a statutory form of workplace insurance for employees covering accidents at work and occupational diseases. Every business or part of a business assigned to a specific employers' liability insurance association must report its paid employees annually and thereby insure them. In contrast, membership of organisations within the Caritas Association or the Diakonia is, in principle, voluntary, which means it is not comprehensive. As the associations within the League compile statistics that are coordinated amongst themselves, their figures omit a significant number of employees who are actually in paid employment or who are required to be registered for social insurance, and who are covered by the employers' liability insurance association.

At least three reasons can be identified as to why the associations report fewer staff members.

- The first aspect is the different methods used in the statistics to define who counts as a 'staff member' (*see Overview 3 on the following page*), which allows three distinct groups to be identified.

The first group comprises those performing community service, participants in the Voluntary Social Year scheme and those employed in job-creation schemes – in other words, those whose employment is foreseeably only temporary and who, from a purely formal perspective, are not permitted to hold a 'full-fledged' job. Together, this amounts to around 41,000 employees.

The second group comprises those employed in workshops for people with disabilities, vocational training centres and training facilities for the

unemployed who carry out work subject to social insurance contributions. This group comprises around 130,000 employees.

The third group comprises those insured with the employers' liability insurance association who are enrolled at technical colleges, universities of applied sciences and a number of apprentices and work experience students totalling around 128,000 'individuals'. Combining all three groups yields a total of 157,000 employees for Caritas 157,000 employees whom the association does not count, and for the Diakonisches Werk, 143,000 employees who are likewise not counted as staff by the DW. In this respect, therefore, a good quarter (27 per cent) of those registered with the BGW remain to be clarified for the Caritas Association, whilst for the Diakonia the figure is still just under half (49 per cent) of the various employee figures.

Overview 3: BGW (Occupational Accident Insurance Association for Health Services and Social Welfare)

Insured persons	*Caritas*	*Diakonia*	*Total*	*'Group'*
People performing community service	15,097	16,809	31,906	
Voluntary social year	3,160	3,510	6,670	41,466
Job creation schemes	1,380	1,510	2,890	*)
Workshops for people with disabilities	41,697	44,898	86,595	
Other workshops	-	1,129	1,129	
Vocational training centres	4,247	5,635	9,882	
Vocational support centres	1,200	3,833	5,033	130,398
Workshops for unemployed young people	6,154	8,579	14,733	**)
Training centres for the unemployed	2,540	10,486	13,026	
Nursing schools	16,066	7,937	24,003	
Schools for special educational needs	12,971	5,239	18,210	
Specialist colleges for special educational needs	12,302	388	12,690	
Schools for geriatric care	4,176	5,765	9,941	128,113
Schools for therapeutic nursing	2,104	3,292	5,396	**)
Universities of Applied Sciences for Social Work	12,011	3,312	15,323	
Apprentices (4.3%)***)	22,250	20,300	18,700	
Total	**157,355**	**142,622**	**299,977**	**299,977**
Difference between BGW and the association	*216,384*	*280,111*	*496,495*	
The following therefore remains to be clarified: number	59,029	137,489	196,518	
Percentage	27%	49%	40%	

Sources: For Zivis, FSJ and ABM, see sources in sections II.5.2. to II.5.4. All other figures are based on the organisation statistics of the Caritas Association (2003) and the Diakonisches Werk (2002).

**) For FSJ and ABM, the actual number of employees has been calculated alongside the percentage figures for those performing civilian service.*

***) The respective places are recorded for all workshops and schools.*

****) epd sozial No. 14/15 of 2 April 2004: 'Trainers in church welfare organisations'. Figure provided by Caritas 'statistician' Christopher Bangert, including those performing civilian service, FSJ participants and the trainees themselves. For the Diakonisches Werk, for which no data is available, the same percentage was assumed.*

- The second aspect relates to compulsory registration versus voluntary membership. There are organisations that are indeed engaged in charitable work but are not members of an association. In the Catholic sector, for example, this includes a marriage and life counselling centre run by an Ordinariate, which therefore regards itself as a church-run organisation and, as a matter of principle, has no intention of becoming a member of the Diocesan Caritas Association. In the Protestant sector, for example, this includes a denominational hospital which, whilst a member of the Professional Association of Protestant Hospitals, does not become a member of the Diakonisches Werk for various reasons. The simplest reason is to avoid membership fees; the more complex reasons lie in the 'theological' orientation of an institution that does not 'identify' with the association. Furthermore, there are organisations – such as sisterhoods and brotherhoods – of which only the charitable institutions are counted by the associations, whilst the employers' liability insurance association counts all staff members.

- The third factor contributing to these differing employee figures is the intricate and, consequently, confusing structure of, for example, the Diakonisches Werk, in which independent groups, initiatives, organisations and institutions also collaborate 'indirectly'. The Diakonisches Werk's articles of association state, for example:

§ 1: '[ ] All affiliated organisations, associations and institutions may work independently. The Diakonisches Werk is not authorised to issue instructions or interfere with their work. However, the directly affiliated Diakonische Werke and specialist associations are obliged to observe the framework conditions decided in accordance with paragraphs 1 and 2 and to work towards ensuring compliance by the indirectly affiliated organisations, associations and institutions within their sphere of influence."

The Caritas Association also recognises (in accordance with Section 7(1) of its Articles of Association) corporate and other members. In this regard, Franz Klein, the DCV's legal adviser at the time, stated categorically, to the effect that 'this is none of your business':

"It must be borne in mind that not all associations and co-operatives are members within the meaning of the law on associations. However, they are affiliated within the meaning of the Roman Catholic Church's comprehensive self-understanding. Since religious communities organise and administer their affairs independently and within the limits of the law applicable to all (Article 140 of the Basic Law in conjunction with Article 137(2) of the Weimar Constitution), the question of how this is done is of no significance to third parties."[7]

Even if the specific differences could not be conclusively clarified, there are at least further possible interpretations.

The obvious possibility that the employers' liability insurance association counts the individual 'persons', whilst the associations count the existing posts, and that the discrepancies arise from the common practice of employing three staff members to fill two posts, must be ruled out. Similarly, volunteers are not included in either set of statistics; they are counted separately. Likewise, there is no overlap between the employers' liability insurance association and other such associations. Overall, the figures provided by the employers' liability insurance association are the most realistic figures for determining the total number of persons subject to social insurance contributions within the two denominational associations and their respective catchment areas.

Thus, the differences in staff numbers between the employers' liability insurance association and the associations highlight at least four aspects:

- firstly (based on the reports submitted to the employers' liability insurance association), that a total of 1,448,052 employees are employed within the scope of the two denominational welfare organisations' work, i.e. around half a million people (500,589) more than the Caritas Association and the Diakonisches Werk report for the health and social services sectors;
- secondly, that the Caritas Association (+45 per cent) has organised its sector 'better' than the Diakonisches Werk (+62 per cent) and the German Red Cross (+67 per cent) – quite apart from the Paritätische (+207 per cent), whose fundamental principle, however, is decentralisation;
- thirdly, that the Protestant welfare organisations do not represent the smaller sector of denominational organisations, but in reality the larger one; and
- fourthly, that within the catchment area of the Paritätischer Wohlfahrtsverband there is a (only partially recorded) workforce (490,000) that can certainly compete with the official figures for Diakonia and Caritas (452,000 / 492,000).

For the purposes of further analysis, however, reference must be made to the figures and data provided by the associations, as these constitute the published and therefore comparable data.

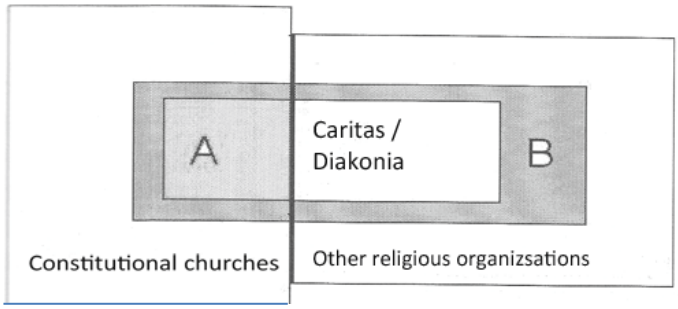
Only for the purposes of calculating further comparisons – such as the varying levels of presence in the individual federal states and with regard to average annual gross wages – are the figures from the employers' liability insurance association used, as they are comparable in their underlying logic and are publicly available in these breakdowns.

Appendix I: Organisational Areas

These differing figures for staff numbers vividly illustrate that *'the organisation'* exists only as a construct derived from a specific count.

A diagram is intended to illustrate, in particular for the two denominational associations, that organisational boundaries are 'fluid'.

Diagram 1: Organisational Areas



Three areas are depicted: firstly, the 'association-based' Diakonia and Caritas, as recorded in the facility statistics of the two associations; secondly, the 'constituted church'; and, thirdly, 'independent denominational organisations'. There are overlaps between all three areas, the structure of which is outlined below by way of example.

- (Area A: Diakonia / Caritas in relation to the established church) Denominational *day-care centres* are sometimes counted entirely as part of the church, and sometimes fully integrated into the Diakonisches Werk / Caritas, even though 80–90 per cent of the sponsoring bodies are church parishes. (In this regard, the Diakonisches Werk and the Caritasverband follow the official statistics, which, since 1990, have also attributed staff in church-run nurseries to the two denominational organisations.)
  Protestant *youth work*, Protestant *women's work*, Protestant *women's relief organisations* and also the *German Seamen's Mission* – all tasks that 'belong' to the Diakonisches Werk – are not listed in the budget of the Protestant Church in Germany (EKD) under
  'Church social work' but under 'Special Church Services'; they therefore actually belong to the EKD's church-missionary sphere.
- (Section B: Diakonia / Caritas in relation to other independent denominational organisations) *Neither* the *Kolping Society* nor the *Teutonic Order* are, as organisations, members of the German Caritas Association, but are independent organisations under episcopal or papal

supervision and yet, with some of their facilities (addiction support, family holiday centres, etc.), are classified under the *Catholic Working Group for...*, which in turn is a member of the Caritas Association.

An overview from 1970 on the legal forms of the bodies responsible for diaconal institutions lists five groups: parishes, church districts and similar bodies (19.3 per cent of the bodies), bodies established by the regional church (10.1 per cent), gGmbHs (3.0 per cent), associations (43.2 per cent) and foundations (23.4 per cent).[8]

The Diakonisches Werk or *the* Caritasverband therefore always refer only to a subset, albeit in each case comprising around two-thirds of what might more accurately be termed the 'Protestant Welfare Association' or the 'Catholic Welfare Association' – a broader definition that makes it clear why, for example, the German Caritasverband, when referring to 'itself', always speaks of 'Caritas as an association'. A 'guideline' for defining the organisational boundary would be the following observation: the Caritas Association organises (most of) the Catholic institutions that carry out charitable work. Whilst, for example, charitable institutions run by religious orders (hospitals, addiction support centres) are members, monasteries offering retreats and meditation will not be.

Digression II: How 'big' is 'big'?

No figure stands alone; to determine whether it is 'large' or 'significant', it must be compared with other figures in order to describe this sought-after relative scale. To properly assess the number of staff at welfare organisations, they are compared below with those of German corporate groups. However, the term 'corporation' is unpopular among religious circles, because it not only highlights the economic aspect of 'charitable work in spreading the love of God' so clearly, but also the associated power over the people who work in these organisations.

Even based on the (lower) figures provided by the organisations themselves regarding staff numbers (*Table 4*), each of the two religious organisations, taken individually, is already well ahead of the 'global player' corporations Siemens, Deutsche Post, DaimlerChrysler and Volkswagen. Only the Siemens Group also has – like Caritas and Diakonia – over 400,000 employees worldwide. And the five welfare organisations in Germany together report more employees (1.322 million) than these corporations Siemens, DaimlerChrysler, Volkswagen and BMW employ worldwide (1.217 million employees).

Overview 4: Comparison of organisations and corporations (International – I)

Organisation / Group (2002)	*Employees*	*Turnover in euros*
1. DCV German Caritas Association	499,313	-
2. DW Diakonisches Werk der EKD	452,244	-
3. Siemens (Group – worldwide)	426,000	84.0 billion
4. Deutsche Post (group)	371,912	39.2 billion
5. DaimlerChrysler (Group – worldwide)	365,600	149.6 billion
6. Volkswagen Group (worldwide)	324,892	86.9 billion
7. Deutsche Bahn	250,690	18.7 billion
8. DPWV (German Parity Organisation)	160,000	-
9. AWO Workers' Welfare Organisation	135,000	-
10. BMW Group (worldwide)	101,395	42.3 billion
11. Lufthansa (worldwide)	94,135	16.9 billion
12. DRK German Red Cross	75,536	

Sources: Figures provided by the organisations/groups in their own reports.

These differences in scale are also evident at a regional level (*Overview 5*). If we take as points of comparison only Caritas in North Rhine-Westphalia or the Cologne Diocesan Caritas Association and two companies that at least have their headquarters in NRW, the same pattern emerges. The Caritas organisations in North Rhine-Westphalia employ just under four times as many staff (193,000) as BAYER AG (51,500) and HENKEL AG as a whole (41,200), and the Diocesan Caritas Association of the Archdiocese of Cologne alone, with its 42,000 employees, has a workforce comparable in size to that of BAYER and HENKEL.

Overview 5: Comparison of organisations / corporate groups (North Rhine-Westphalia)

Organisation (2003) / Group (2002)	*Staff*	*Turnover in euros*
1. DiCV North Rhine-Westphalia	192,828	–
2. BAYER AG (in Germany)	51,500	29.6 billion
3. HENKEL AG (Group)	47,203	9.7 billion
4. DiCV Archdiocese of Cologne	42,000	–

If we take the broader figures from the employers' liability insurance associations as a basis at national level, the result is even clearer *(Table 6)*. The five charitable organisations combined have more employees (2.208 million) in their 'catchment area' than Siemens, Deutsche Post, DaimlerChrysler, Volkswagen, Deutsche Bahn, BMW and Lufthansa combined worldwide (2.169 million).

Overview 6: Comparison of associations and groups (International – II)

Association / Group (2002)	*Employees*	*Turnover in euros*
1. DW Diakonisches Werk der EKD	732,355	-
2. DCV German Caritas Association	715,697	-
3. DPWV German Parity Association	490,893	-
4. Siemens (Group – worldwide)	426,000	84.0 billion
5. Deutsche Post (group of companies)	371,912	39.2 billion
6. DaimlerChrysler (Group – worldwide)	365,600	149.6 billion
7. Volkswagen Group (worldwide)	324,892	86.9 billion
8. Deutsche Bahn	250,690	18.7 billion
9. AWO (Workers' Welfare Organisation)	143,855	-
10. DRK German Red Cross	126,155	.
11. BMW Group (worldwide)	101,395	42.3 billion
12. Lufthansa (worldwide)	94,135	16.9 billion.

Sources: Occupational Health and Welfare Services Association / Corporate Groups.

The Catholic and Protestant 'welfare groups' alone (1.45 million employees) together employ almost twice as many people in Germany as the three major German automotive groups combined worldwide (791,887).

If we stick to the more narrow official association figures and limit the groups to the number of their employees in Germany – since the welfare associations' international activities and staff are not recorded either – it becomes even clearer just how many people in Germany work for the two denominational associations and depend on employment there (*Overview 7*).

Overview 7: Comparison of associations and corporate groups (national)

	Organisation / Group (2002)	
	Staff	*Total*
1. DCV German Caritas Association	495,219	
2. DW Diakonisches Werk der EKD	452,244	947,463
3. Deutsche Bahn	250,690	
4. Deutsche Post (in Germany)	220,000	
5. DaimlerChrysler (in Germany)	191,574	
6. Siemens (in Germany)	170,000	
7. Volkswagen Group (in Germany)	168,000	1,000,264
8. DPWV German Parity Association	160,000	
9. AWO Workers' Welfare Organisation	135,000	
10. DRK German Red Cross	75,536	
11. BMW Group (in Germany)	75,000	

Sources: Information provided by the associations / corporate groups in their own publications / on request.

The three major automotive groups (DaimlerChrysler, Volkswagen and BMW) together employ fewer staff in Germany (434,574) than either the Caritas Association (495,219) or the Diakonisches Werk (452,244) do on their own. The Caritas Association (whose workforce increased further in 2003 to 499,313 full-time staff) and the Diakonisches Werk are therefore likely to be – at least across Europe, if not worldwide – the largest non-governmental employers.

These figures also reflect the fact that in Germany, the 'welfare conglomerates' will be able to continue increasing their workforce in a growing social market, whilst the 'global players' in Germany are reducing their workforce and increasing their numbers in (cheaper) countries abroad. For example, between 1980 and 2002, Siemens AG increased the group's workforce by 79,000 – yet this comprised 60,000 fewer employees in Germany and 139,000 more abroad.[9] As social work is always staff-oriented and cannot be replaced by investment in 'capital' or 'knowledge', it remains a labour-intensive market.

Digression III: 'Employer' and 'Group'

It is correct in this context to speak of *a single employer* in each case and not to be misled by reference to the approximately 50,000 'independent legal entities' comprising the institutions, as the two associations explicitly apply a common set of labour laws and association-specific 'collective bargaining committees' for the umbrella organisation as a whole.

In journalistic terms, the two major denominational welfare associations are sometimes referred to as *'corporations'* ('The Welfare Corporation', 'The Charitable Conglomerate', etc.) – a term referring to the immense number of employees already mentioned – alongside which DaimlerChrysler AG (in this respect) seems more like a medium-sized Swabian company. This description is flatly rejected by the association representatives of both Diakonia and Caritas. However – and this is, in my view, revealing – they do so not because of the economic power of a 'corporation' that this term implies, but because the decision-making authority of a chief executive and a corporate head office simply does not exist within welfare organisations. (This is sometimes seen as a disadvantage, and sometimes as an advantage.)

This view of a 'corporation', however, treats a single possible form of such an organisation as the absolute norm; and since the discussion centres on 'decision-making power' on the one hand and the 'inability to en-

force central decisions' on the other, a comparison from a different field – one that deals very explicitly with 'authority to command and obedience' – will be used to explain why the concept of a 'group' is indeed meaningful in substance for denominational welfare organisations.

The term 'army' or 'military' is applied to an organisation consisting of a highly structured conglomerate of divisions, brigades, battalions, companies, platoons and squads. The idea that when the general (at the very top) commands 'March!', then everyone, right down to the lowest private (at the very bottom), sets off, is a mechanical image that may well apply to the US Army (with its 'command tactics'). In the German military tradition (with its 'mission tactics'), however, the situation is different. The General Staff / Commander-in-Chief sets a general objective for the divisions; the divisional commander deploys his brigades; the brigadier general gives specific instructions to the battalions under his command; the battalion commanders pass these on to the company commanders, who in turn pass them on to their platoon leaders, and they finally to their squad leaders. Each unit commander formulates, for his own area of responsibility, something more specific for his unit structure based on the more general order, and this continues in a hierarchical manner. The 'commander-in-chief' in the German tradition would therefore never even consider (nor would he be 'authorised') to give an instruction to a rank-and-file soldier or a mid-level commander as to what they should do in each instance.

This structure is comparable to the organisational set-up of denominational welfare organisations, even if, viewed in this light, the Caritas Association appears to be more efficiently structured than the 'service community' of the Diakonisches Werk, where the principle of autonomy is more clearly pronounced even at the 'lowest level' and is both cultivated and defended (with all its advantages and disadvantages).

II.2.2. Overall figures

The question of what role the independent welfare organisations play in the health and social care system of the Federal Republic of Germany can be illustrated very clearly with figures for a number of selected areas of activity *(Table 8).*

Table 8: The importance of independent welfare organisations

Facilities	Year	Facilities			Employees		
		Total	Independent welfare organisations		Total	Independent welfare organisations	
		Number		%	Figure		%
Childcare centres	*1998*	48,200	23,000	*47.8*	373,200	181,600	*48.7*
Other youth support	*1998*	28,400	14,200	*49.9*	154,300	87,300	*56.6*
General hospitals*)	*2,000*	2,000	800	*40.6*	1,044,400	357,300	*34.2*
Preventative care and rehabilitation*)	*2,000*	1,400	400	*26.6*	134,400	19,000	*14.1*
Statutory care homes	*1999*	8,900	4,100	*46.6*	440,900	238,500	*54.1*
Outpatient care services	*1999*	10,800	4,500	*41.9*	183,800	102,000	*55.5*

Source: Federal Association of Independent Welfare Organisations (ed.), Independent Welfare Organisations: Profiles and Services. Freiburg: Lambertus 2002, p. 145, Table 6.7.

**) Data for independent welfare organisations not available; figures for non-profit organisations are provided instead.*

LIGA plays a dominant role in the sectors *of childcare centres (48 per cent), youth services (50 per cent), general hospitals (41 per cent)* and *residential care homes (47 per cent)*. In these sectors, LIGA operates more than 40 per cent of all facilities and employs around 50 per cent of the workforce in these fields.

According to their own figures, the LIGA's member organisations operated a total of 93,566 facilities with 3,270,536 places/beds (as at 1 January 2000). They employed 1,164,329 staff, of whom 686,676 (= 59 per cent) were full-time employees and 477,653 (= 41 per cent) were part-time employees.

Of these *staff members* employed by organisations belonging to the umbrella organisations of the independent welfare sector, 495,219 people (= 43 per cent) were employed by *Caritas* organisations and 400,480 (= 34 per cent) by organisations of *the Diakonisches Werk*. With regard to the proportions of full-time and part-time employees, the figures for the two denominational associations correspond to the overall distribution (*Table 9*). With a combined share of just under four-fifths (77 per cent) of the total number of employees, the two denominational associations are the dominant 'market leaders' in the voluntary welfare sector.

Table 9: Employees of the BAGFW associations (1 January 2000) and of these at Caritas (1 January 2001) and the Diakonisches Werk (1 January 2000)

Employees at	*Total*	*% Total*	*Full-time*	*%*	*Part-time*	*%*
all BAGFW* organisations	1,164,329	*100.0%*	686,676	*59%*	477,653	*41%*
Caritas	*495,219*	*43%*	285,189	*58%*	210,030	*42%*
the Diakonisches Werk	*400,480*	*34%*	227,288	*57%*	173,192	*43%*
Caritas + Diakonisches Werk	***895,699***	***77%***	***512,477***	***57%***	***383,222***	***43%***

**) Figures according to data from the Federal Association of Independent Welfare Organisations (Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e.V.).*

However, in view of the freedom of choice of profession guaranteed by the Basic Law in Germany, these distributions are not value-neutral but must be regarded as problematic, since employment with the two denominational organisations not only requires membership of the respective established church but also – at least in the Catholic sector – expects a way of life in accordance with the moral principles of the Church. Leaving the Church is normally grounds for dismissal without notice at Caritas and Diakonia. (For further details, see Chapter *III.1. The Specific Nature of Confessional Organisations.)*

Given the exorbitant market shares within the LIGA, one might almost be led to believe that the *Federal Labour Association* is obscuring this de facto power structure – in which, in the alphabetical list of members, *Caritas* is always listed in second place and the *Diakonisches Werk* always in fifth. It almost seems as though two 'giants' are hiding amongst four 'dwarfs' – although three of these 'dwarfs' are also of considerable size.

Does this constellation also apply to the number of institutions? At first glance *(Table 10)*, this dominance does not appear to be borne out, as the two denominational associations act as sponsoring bodies for just under half (49 per cent) of all institutions. Their dominance in terms of the number of institutions is only evident again in hospitals (87 per cent), youth welfare services – which mainly refers to childcare centres – (69 per cent) and in specialist schools for vocational training, initial training and further training, where the two denominational associations also hold a dominant position (77 per cent).

They are clearly 'under-represented' – both in comparison with LIGA as a whole and in their own internal distribution of the across different fields of activity – in the number of facilities providing support for families, the elderly and people with disabilities.

Table 10: Facilities / services provided by LIGA, Caritas and Diakonia)*

Field of activity	*Facilities*	*CV+DW facilities*	*%*	*Caritas Association*			*Diakonisches Werk*		
				Institutions	*%*	*CV*	*Institutions*	*%*	*DW*
Hospitals	1,227	1,067	*87.0*	749	*61.0*	3.2	318	*25.9*	1.4
Youth welfare	33,974	23,305	*68.6*	12,678	*37.3*	53.7	10,627	*31.3*	48.6
Family support	9,453	3,484	*36.9*	1,050	*11.1*	4.4	2,434	*25.7*	11.1
Care for the elderly	15,212	5,321	*35.0*	2,916	*19.2*	12.3	2,405	*15.8*	11.0
Support for people with disabilities	12,449	3,949	*31.7*	1,930	*15.5*	8.2	2,019	*16.2*	9.2
Other institutions	19,683	7,164	*36.4*	3,605	*18.3*	15.3	3,559	*18.1*	16.3
Training and further education	1,568	1,200	*76.5*	683	*43.6*	2.9	517	*33.0*	2.4
Total	*93,566*	*45,490*	*48.6*	*23,611*	*25.2*	*100*	*21,879*	*23.4*	*100*

Sources: BAGFW 'Overall Statistics 2000', DCV, DW 'Facility Statistics' (2000 and 2001 respectively).
**) Health care: hospitals only; all sectors excluding self-help and support groups.*

However, with regard to the number of places/beds (*Table 11*), nine out of ten non-profit beds (88%) in hospitals run by independent welfare organisations are in a denominational hospital, just as three-quarters of all places (74%) in the LIGA's youth welfare facilities are denominational. And whilst the share held by the two denominational associations in technical colleges and other vocational training and further education institutions was already dominant, in terms of the number of places (97 per cent) it amounts to a virtual monopoly.

*Table 11: Places / beds provided by LIGA, Caritas and the Diakonisches Werk *)*

Field of activity	*Places / Beds*	*Places / Beds CV+DW*	*%*	*Caritas Association*			*Diakonisches Werk*		
				Pl. / B.	*%*	*%*	*Pl. / B.*	*%*	*%*
Hospital	220,507	193,941	*88.0*	129,639	*58.8*	10.5	64,302	*29.2*	6.2
Youth welfare	1,835,231	1,363,946	*74.3*	760,116	*41.4*	61.8	603,830	*32.9*	58.1
Family support	58,757	25,003	*42.6*	8,274	*14.1*	0.7	16,729	*28.5*	1.6
Care for the elderly	481,495	280,581	*58.3*	125,946	*26.2*	10.2	154,635	*32.1*	14.9
People with disabilities	344,819	236,751	*68.7*	113,658	*33.0*	9.2	123,093	*35.7*	11.8
Other H.	215,417	69,704	*32.4*	34,014	*15.8*	2.8	35,690	*16.6*	3.4
Training and further education	114,310	100,971	*97.1*	59,335	*51.9*	4.8	41,636	*36.4*	4.0
Total	*3,270,536*	*2,270,897*	*69.4*	*1,230,982*	*37.6*	*100*	*1,039,915*	*31.8*	*100*

Sources: BAGFW 'Overall Statistics 2000'; DCV, DW: 'Facility Statistics' (2000 and 2001 respectively).
**) Health care: hospitals only; excluding outpatient care; excluding self-help groups.*

(To summarise: according to official figures from the associations, in 2000 around 896,000 men = 77 per cent) were employed by Caritas and Diakonia. As the organisations behind around 46,000 facilities (= 49 per cent) with around 2.3 million places/beds (= 70 per cent) within the LIGA, the members of these two denominational associations are the dominant organisations.

II.2.3. Economic significance of the LIGA

Personnel costs are often used as a basis for assessing the economic significance of the independent welfare organisations – for the simple reason that these figures are available from the annual reports submitted by the institutions to the relevant employers' liability insurance association.

If we now – as a second step – assume that wage bills account for around two-thirds of expenditure, then in 2002 (*Overview 12*) the LIGA accounted for a turnover of around 54 billion euros, which represents no less than 2.6 per cent of gross domestic product (of 2,112 billion euros).

Overview 12: LIGA salary and wage totals – 1979 – 1990 – 2002 (in euros).

Association	*1979*	*1990*	*2002*
AWO Workers' Welfare Organisation	273,965,424	851,528,254	2,187,754,185
DCV German Caritas Association	3,099,509,523	6,480,837,461	12,714,458,592
DPWV German Parity Association	964,715,355	2,246,258,642	6,762,125,585
DRK German Red Cross	323,635,975	745,615,994	1,965,942,666
DW Diakonisches Werk	2,644,194,570	5,423,103,712	11,708,310,248
Totals	*7,306,020,847*	*15,747,344,063*	*35,338,591,276*

Sources: 1979 and 1990: Figures from the Occupational Safety and Health Association for Health Services and Social Care, cited in: Hans Flierl, Freie und öffentliche Wohlfahrtspflege, Munich 1992, p. 178. 2002: Provided by the Occupational Safety and Health Association.

Noteworthy are the changes over the eleven or twelve years between the figures recorded for the individual associations and the differences between them.

Overview 13: Changes in the total salary and wage bills of the LIGA

	Change in per cent		*Percentage shares*		
Association	*1979 / 1990*	*1990 / 2002*	*1979*	*1990*	*2002*
AWO	311%	257%	3.8	5.4	6.2
DCV	209%	196%	42.4	41.2	36.0
DPWV	233%	301%	13.2	14.3	19.1
DRK	230%	264%	4.4	4.7	5.6
DW	205%	216%	36.2	34.4	33.1
Totals	*216%*	*224%*	*100*	*100*	*100*

Arbeiterwohlfahrt (311 per cent / 257 per cent), Paritätischer (233 per cent / 301 per cent) and the German Red Cross (230 per cent / 204 per cent) are growing faster than the two denominational organisations (Caritas: 209 per cent / 196 per cent, Diakonia: 205 per cent / 216 per cent). One general factor, however, is that the 'giants' Caritas and Diakonia operate on a scale several times greater and therefore – even when there are larger absolute changes – 'grow' relatively more slowly, as their baseline figures are higher.

Based on these figures[10], it is also clear just how much the independent welfare sector has expanded over the past twenty-five years or so. When converted to the number of 'full-time posts', the number of staff employed as 'full-time staff' has more than doubled.

Table 14: 'Full-time staff' of the LIGA member organisations – 1979 – 1990 – 2002

Organisation	*1979*	*1990*	*2002*
AWO (Workers' Welfare Organisation)	23,039	44,136	94,914
DCV German Caritas Association	269,435	365,784	468,324
DPWV German Parity Association	100,686	158,315	336,409
DRK German Red Cross	27,489	59,574	91,140
DW Diakonisches Werk	242:630	324,910	493,371
Totals	*663,279*	*952,721*	*1,484,158*

Sources: 1979 and 1990, figures from the Occupational Safety and Health Association for Health Services and Social Welfare, cited in: Hans Flierl, Freie und öffentliche Wohlfahrtspflege, Munich 1992, p. 178. 2002: Data provided by the Occupational Safety and Health Association, own conversion. (The number of full-time staff is calculated by dividing the total recorded working hours by 1,530 annual working hours for a full-time employee.)

The absolute changes (*Table 14*) run parallel to the trends in total wage bills; however, it becomes much clearer here to what extent the Catholic Caritas Association has lost relative market share in the overall distribution (*Table 15*) – the New Federal States, if Christian at all, tend to be Protestant.

Table 15: Changes in the number of 'full-time staff' at LIGA

	Change in per cent		*Percentage shares*		
by organisation	*1979 / 1990*	*1990 / 2002*	*1979*	*1990*	*2002*
AWO Workers' Welfare Organisation	192%	215%	3.5	4.6	6.4
DCV German Caritas Association	136%	128%	40.6	38.4	31.6
DPWV German Parity Organisation	157%	212%	15.2	16.6	22.7
DRK German Red Cross	217%	153%	4.1	6.3	6.1
DW Diakonisches Werk	134%	152%	36.6	34.1	33.2
Totals	***144%***	***156%***	***100***	***100***	***100***

This aspect – the regional representation of the individual associations, both within the association itself and within the individual federal states – will now be examined in more detail, albeit briefly.

II.2.4. Representation in the federal states

By 2002, the major changes brought about by the expansion of the federal territory following the accession of the New Federal States had gradually stabilised.

Table 16: BAGFW employees by association and federal state, 2002

State	In the state	Welfare organisations				
	Total	AWO	DCV	Parity	DRK	DW
S-H	74,428	5,994	4,264	17,254	10,964	35,952
HH	40,991	1,559	4,535	12,169	3,898	18,830
NDS	206,597	11,374	47,778	54,651	15,295	77,499
BR	20,738	2,324	2,407	7,369	2,009	6,629
NRW	645,162	43,408	297,634	94,666	26,367	183,087
HS	141,483	7,271	31,327	39,986	10,082	52,817
RLP	128,789	3,984	64,628	18,556	8,329	33,292
BW	277,349	8,303	89,034	54,095	8,724	117,193
BY	276,260	19,460	126,999	57,773	1,319	70,709
Saar	31,396	4,264	14,398	8,108	1,039	3,587
B	91,321	3,853	11,511	37,676	8,748	29,533
Old	*1,934,514*	*111,794*	*694,515*	*402,303*	*96,774*	*629,128*
BRB	49,868	6,719	2,447	16,613	4,885	19,204
M-V	42,611	4,059	1,526	12,990	6,568	17,468
S	81,256	10,858	6,628	25,983	8,691	29,096
S-A	48,948	4,033	5,446	16,814	4,078	18,577
TH	51,753	6,392	5,135	16,190	5,154	18,882
New	*274,436*	*32,061*	*21,182*	*88,590*	*29,376*	*103,227*
Total	2,208,950	143,855	715,697	490,893	126,150	732,355

Looking at the breakdown by federal state (*Table 16*), we might expect the north to be 'served' mainly by the Diakonisches Werk, the south mainly by Caritas, and the east by the other three organisations. Is this correct? The (Protestant) north of Germany is – as far as the internal priorities of the associations within the LIGA der Freien Wohlfahrtspflege are concerned – more the domain of the Paritätische and the German Red Cross. However, as expected, the Diakonisches Werk also has an above-average presence there. The importance of the major cities with their independent initiatives is particularly evident for the Paritätische in Hamburg, Bremen, Hesse (Frankfurt) and Berlin. The Caritas Association has established a strong presence particularly in North Rhine-Westphalia (where 42 per cent of all Caritas staff work) and in Bavaria (18 per cent),

which means that three-fifths of all Caritas staff are employed in these two federal states alone. This distribution mirrors the trend seen in the old federal states, including for the Workers' Welfare Association. The Diakonisches Werk has established a particularly strong presence in Baden-Württemberg. In the new federal states – due to the marginal representation of the Caritas Association – all other organisations have an above-average presence in terms of their internal distribution across the federal states, but in particular – as might be expected – the Workers' Welfare Association, followed by the Red Cross and the Paritätische.

Table 17: Employees of the BAGFW by organisation and federal state, 2002

State	Federal states %	Distribution of the association's staff across the federal states, in %				
	Total	AWO	DCV	Parity	DRK	DW
S-H	*3.4*	*4.2*	*0.6*	*3.5*	*8.7*	*4.9*
HH	*1.9*	*1.1*	*0.6*	*2.5*	*3.1*	*2.6*
NDS	*9.4*	*7.9*	*6.7*	*11.1*	*12.1*	*10.6*
BR	*0.9*	*1.6*	*0.3*	*1.5*	*1.6*	*0.9*
NRW	*29.2*	*30.2*	*41.6*	*19.3*	*20.9*	*25.0*
HS	*6.4*	*5.1*	*4.4*	*8.1*	*8.0*	*7.2*
RLP	*0.8*	*2.8*	*9.0*	*3.8*	*6.6*	*4.6*
BW	*12.6*	*5.8*	*12.4*	*11.0*	*6.9*	*16.0*
BY	*12.5*	*13.5*	*17.7*	*11.8*	*1.0*	*9.7*
Saar	*1.4*	*3.0*	*2.0*	*1.7*	*0.8*	*0.5*
B	*4.1*	*2.7*	*1.6*	*7.7*	*6.9*	*4.0*
Old	*87.6*	*77.7*	*97.0*	*82.0*	*76.7*	*85.9*
BRB	*2.3*	*4.7*	*0.3*	*3.4*	*3.9*	*2.6*
M-V	*1.9*	*2.8*	*0.2*	*2.6*	*5.2*	*2.4*
S	*3.7*	*7.5*	*0.9*	*5.3*	*6.9*	*4.0*
S-A	*2.2*	*2.8*	*0.8*	*3.4*	*3.2*	*2.5*
TH	*2.3*	*4.4*	*0.7*	*3.3*	*4.1*	*2.6*
New	*12.4*	*22.3*	*3.0*	*18.0*	*23.3*	*14.1*
Total	*100*	*100*	*100*	*100*	*100*	*100*

Source: German Social Accident Insurance Institution for the Health and Welfare Services.

How does the regional number of employees across all LIGA umbrella organisations compare with the federal states' shares of the total population?

At first glance (*Table 18*), it appears as though the relationships between the distribution of the population across the federal states and the proportions of social care staff run quite parallel. However, if we then consider the old and new federal states separately, the differences become clearer. In

Table 18: Association staff / population in the federal states

State	Welfare organisation staff	Population (31 December 2001)	Federal territory		Old / New Länder	
			% of welfare organisations	% of population	% of welfare organisations	% of population
Schleswig-Holstein	74,428	2,804,000	*3.4*	*3.4*	***3.8***	***4.1***
HH	40,991	1,726,000	*1.9*	*2.1*	***2.1***	***2.5***
NDS	206,597	7,956,000	*9.4*	*9.6*	***10.7***	***11.6***
BR	20,738	660,000	*0.9*	*0.8*	***1.1***	***1.0***
NRW	645,162	18,052,000	*29.2*	*21.9*	***33.4***	***26.3***
HS	141,483	6,078,000	*6.4*	*7.4*	***7.3***	***8.8***
RLP	128,789	4,049,000	*5.8*	*4.9*	***6.7***	***5.9***
Baden-Württemberg	277,349	10,601,000	*12.6*	*12.9*	***14.3***	***15.4***
BY	276,260	12,330,000	*12.5*	*15.0*	***14.3***	***17.9***
Saar	31,396	1,066,000	*1.4*	*1.3*	***1.6***	***1.6***
B	91,321	3,388,000	*4.1*	*4.1*	***4.7***	***4.9***
Old	*1,934,514*	*68,710,000*	*87.6*	*83.4*	*100*	*100*
BRB	49,868	2,593,000	*2.3*	*3.2*	***18.2***	***18.9***
M-V	42,611	1,760,000	*1.9*	*2.1*	***15.5***	***12.8***
S	81,256	4,384,000	*3.7*	*5.3*	***29.6***	***31.9***
S-A	48,948	2,581,000	*2.2*	*3.1*	***17.8***	***18.8***
TH	51,753	2,411,000	*2.3*	*2.9*	***18.9***	***17.6***
New	*274,436*	*13,279,000*	*12.4*	*16.6*	*100*	*100*
Total	2,208,950	82,439,000	*100*	*100*		

Source for population figures (as at 31 December 2001): Federal Statistical Office (ed.): Data Report 2002, p. 32.

In the old federal states, it is North Rhine-Westphalia in particular that has a notably higher proportion of employees working for welfare organisations (29.2 per cent) than its share of the population (21.9 per cent) would suggest, followed by Rhineland-Palatinate (6.7 per cent : 5.9 per cent) –, both of which are federal states in which the proportions of the two denominational organisations – and in particular Caritas – are particularly high. (Incidentally, these are also the two federal states that make the highest per capita payments in terms of state subsidies to the churches.[11])

Let us now consider the distribution of the five organisations *within* the individual federal states (*Table 19)*.

Paritätischer, the Red Cross and Diakonisches Werk dominate all the northern German federal states (Schleswig-Holstein, Hamburg, Lower Saxony, Bremen, Berlin, Brandenburg and Mecklenburg-Western Pomerania) as well as Hesse.

The *Caritas Association* is the 'market leader' in North Rhine-Westphalia, Rhineland-Palatinate, Bavaria and the Saarland – federal states in which the Catholic Verband employs up to half of all staff within the LIGA.

The *Diakonisches Werk* is by far the largest organisation in Baden-Württemberg. In the New Federal States, whilst the Diakonisches Werk is also the most important association in all five federal states (with a share of between 36 and 41 per cent), it is closely followed by the Paritätischer (with a share of 31 to 34 per cent). If *Volkssolidarität* were to transfer en masse from the Paritätischer to the Arbeiterwohlfahrt, the AWO would become the most important umbrella organisation in the New Federal States.

Table 19: Employees of the organisations by federal state and organisation, 2002

State	%	AWO	%	DCV	%	Parity	%	DRK	%	DW	%
S-H	*100*	5,994	*8.1*	4,264	*5.7*	17,254	*23.2*	10,964	*14.7*	35,952	*48.3*
HH	*100*	1,559	*3.8*	4,535	*11.1*	12,169	*29.7*	3,898	*9.5*	18,830	*45.9*
NDS	*100*	11,374	*5.5*	47,778	*23.1*	54,651	*26.5*	15,295	*7.4*	77,499	*37.5*
BR	*100*	2,324	*11.2*	2,407	*11.6*	7,369	*35.5*	2,009	*9.7*	6,629	*32.0*
NRW	*100*	43,408	*6.7*	297,634	*46.1*	94,666	*14.7*	26,367	*4.1*	183,087	*28.4*
HS	*100*	7,271	*5.1*	31,327	*22.1*	39,986	*28.3*	10,082	*7.1*	52,817	*37.3*
RLP	*100*	3,984	*3.1*	64,628	*50.2*	18,556	*14.4*	8,329	*6.5*	33,292	*25.9*
Baden-Württemberg	*100*	8,303	*3.0*	89,034	*32.1*	54,095	*19.5*	8,724	*3.1*	117,193	*42.3*
BY	*100*	19,460	*7.0*	126,999	*46.0*	57,773	*20.9*	1,319	*0.5*	70,709	*25.6*
Saar	*100*	4,264	*13.6*	14,398	*45.9*	8,108	*25.8*	1,039	*3.3*	3,587	*11.4*
B	*100*	3,853	*4.2*	11,511	*12.6*	37,676	*41.3*	8,748	*9.6*	29,533	*32.3*
Old	*100*	*111,794*	*5.8*	*694,515*	*35.9*	*402,303*	*20.8*	*96,774*	*5.0*	*629,128*	*32.5*
BRB	*100*	6,719	*13.5*	2,447	*4.9*	16,613	*33.3*	4,885	*9.8*	19,204	*38.5*
M-V	*100*	4,059	*9.5*	1,526	*3.6*	12,990	*30.5*	6,568	*15.4*	17,468	*41.0*
S	*100*	10,858	*13.4*	6,628	*8.2*	25,983	*32.0*	8,691	*10.7*	29,096	*35.8*
S-A	*100*	4,033	*8.2*	5,446	*11.1*	16,814	*34.4*	4,078	*8.3*	18,577	*38.0*
TH	*100*	6,392	*12.4*	5,135	*9.9*	16,190	*31.3*	5,154	*10.0*	18,882	*36.5*
New	*100*	*32,061*	*11.7*	*21,182*	*7.7*	*88,590*	*32.3*	*29,376*	*10.7*	*103,227*	*37.6*
Total	*100*	143,855	*6.5*	715,697	*32.4*	490,893	*22.2*	126,150	*5.7*	732,355	*33.2*

Source: German Social Accident Insurance Association for the Health and Welfare Services.

With regard to the market presence of the two denominational associations, in the old federal states of Rhineland-Palatinate (76 per cent), North Rhine-Westphalia (75 per cent), Baden-Württemberg (74 per cent) and Bavaria (72 per cent), the proportion of BAGFW employees working for the two denominational associations is above the average (68 per cent). In the new federal states, these are Saxony-Anhalt (49 per cent) and Thuringia (36 per cent).

II.2.5. Is the LIGA an oligopoly?

The Federal Association of Independent Welfare Organisations (BAGFW) is regarded by some as an 'oligopoly' that seeks to divide up the health and social care market in the independent charitable sector exclusively amongst its member associations and to keep out competitors not organised within its ranks. A selection of a wide variety of examples supporting this thesis is intended to underpin the plausibility of this assessment:

- Federal and state grants for key tasks are awarded almost exclusively to LIGA member organisations.
- In the cooperation between the state and the associations, certain areas – such as the state offices for the prevention of addiction or the Müttergenesungswerk – are entrusted exclusively to the LIGA associations.
- In many schemes (including charity stamps, lotteries and foundations), a 'spiral of exclusivity' is employed. The schemes are restricted to the LIGA by the LIGA and its partners, and the exclusion of other organisations is then justified based on precisely these (self-drafted) regulations or statutory provisions.
- "For many years, the welfare organisations coordinated their activities by dividing up certain areas of work (e.g. advice for foreign nationals) amongst themselves and reaching joint agreements to avoid a race to the bottom in terms of pricing vis-à-vis the public sector and social security schemes. This cartel of welfare organisations was protected from external providers because, under the Federal Social Assistance Act and the Child and Youth Welfare Act, certain public contracts were awarded exclusively to welfare organisations."[12]
- In the 2001 state budget for North Rhine-Westphalia, the budget of the Ministry of Labour and Social Affairs states, with regard to 'assistance for people with disabilities and those in need of care', under Title Group 60 ('Social integration of people with disabilities'): "From the funds under Title 684 80 [grants to independent organisations: DM 14,185,000], expenditure on services under the Care Act and on family support services may only be made to those non-profit organisations which are affiliated to an umbrella organisation of the independent welfare services in the State of North Rhine-Westphalia."[13]
- Annex 1 of the Income Tax Implementation Ordinance 2000 specifies which 'purposes' are generally eligible for support within the meaning of Section 10b(1) of the Income Tax Act (tax relief : "Purposes of

officially recognised voluntary welfare organisations (Diakonisches Werk der Evangelischen Kirche in Deutschland e.V., Deutscher Caritasverband e.V., Deutscher Paritätischer Wohlfahrtsverband e.V., German Red Cross e.V., Federal Association of Workers' Welfare e.V., Central Welfare Office of the Jews in Germany e.V., German Association for the Blind e.V., the Federation of War-Blind People in Germany e.V., the Association of German Charitable Foundations e.V., the Federal Working Group for Assistance to People with Disabilities e.V., and the Association of War and Military Service Victims, People with Disabilities and Social Pensioners e.V.), their sub-associations and their affiliated institutions and establishments." (Section A, Point 6)

- "Thus – solely on the basis of an agreement between the state and the welfare organisations, with absolutely no legal basis – the care of foreign workers in the Federal Republic has been divided amongst the welfare organisations. Even a conservative Turk is thus assigned to the Workers' Welfare Organisation, whilst Italians, Spaniards and Portuguese who are critical of the Church or are communists are the 'property' of Caritas, without any alternative options being available to them." [14]
- The non-profit association *Volkssolidarität, which* plays an important role in the New Federal States (with no fewer than 430,000 members, 13,200 employees and nearly 1,500 facilities providing care for the elderly and disabled, as well as services for children, young people and families) was not admitted to the LIGA as a separate organisation, but instead joined the Paritätischer Wohlfahrtsverband / Gesamtverband, because according to Section 1 of the Federal Working Group's Articles of Association, only those whose 'activities extend across the whole of Germany' may become an umbrella organisation and member of the LIGA, and – as a guarantee of exclusivity – existing members must consent to the admission.
- In response to the recently initiated debate on civic engagement within 'civil society' – which centres on a new relationship between the state and society and, in particular, on a comprehensive understanding of active, participatory citizenship (and in which the existing division of labour between the state and LIGA is also under discussion) – the relevant ministry established a commission 'Impulses for Civil Society – Perspectives for Voluntary Services and Civilian Service in Germany', to which the following have been appointed as members: the State Secretaries of the six relevant ministries (Family, Senior Citizens, Women and Youth / Economy and Labour / Defence / Health and Social Security / Education and Research), the President of the Conference of Ministers of Education,

the Managing Director of the German Association of Towns and Municipalities, the Minister for Finance of Rhineland-Palatinate, as well as the Presidents of the Diakonisches Werk, the German Red Cross and the German Caritas Association, and the Chairpersons of the Workers' Welfare Association, the Paritätischer Wohlfahrtsverband and the Central Welfare Organisation of Jews in Germany.
This amounts to 'putting the fox in charge of the henhouse', as these large bureaucratic organisations are, in some respects, in direct conflict with voluntary civic engagement.

- As part of an emergency aid programme, the Federal Government issued a special postage stamp entitled 'Flood Relief 2002'. 'Following intensive negotiations with the Federal Ministry of Finance, we succeeded in designating the BAGFW as the sole beneficiary [as the recipient of the funds].'[15] As an advance payment, a cheque for 1.5 million on the expected proceeds, and a further 1.5 million euros as a corporate donation.
- The Act on the Promotion of the Voluntary Social Year states:
  "Section 5: Organisations, (1) The following are authorised as organisations for the Voluntary Social Year within Germany within the meaning of this Act:
  1. the associations affiliated to the Federal Association of Independent Welfare Organisations and their sub-divisions,
  2. religious communities with the status of a body governed by public law,
  3. local authorities and, as further specified by the federal states, other bodies governed by public law."
- "Here you come up against a colossal social lobby that presents itself with a grand moral halo whilst being keenly focused on its own advantage. Look at who sits on the supervisory boards of the major social organisations: politicians who have grown grey in positions of honour. […] The social sector in Hamburg is a closed shop."[16]

The principle that 'competition stimulates business' has only applied in the health and social care sector for a few years, and it remains to be seen whether the welfare organisations will be mentally able to withstand financial competition or whether they will prefer to withdraw from this increasingly difficult terrain.

II.3. State funding for the BAGFW's organisational work

II.3.1. Federal grants

The annual reports of the Federal Working Group provide, in their chapter 'Finance Committee' provide eloquent evidence of how LIGA, together with the relevant federal ministry (for Family Affairs, Senior Citizens, Women and Youth), is able to convince the Bundestag rapporteurs responsible for Section 17 that the sum in Chapter 17 02 / Heading 684 04 ('Grants to welfare organisations for the performance of central and international tasks, including federal-level further training') must under no circumstances be reduced, but must 'maintained'. Whilst a cut to this title does not immediately threaten a social emergency, it is suggested that the associations' additional staffing costs can 'only be offset by reduced services resulting from the necessary staff cuts'.[17] And if, for example, the grants for the counselling and support of refugees and emigrants are reduced, then 'these socially significant tasks will have to be curtailed to the detriment of those in need of assistance'.

In the federal budget, Section 17 provides for allocations / grants (for 2001, excluding capital expenditure) of 18,386,000 euros, (for 2002 and 2003, 18,500,000 euros each). Further specific federal grants for organisations and for individual measures relating to youth welfare, care for the elderly, family policy or the implementation of the Pregnancy Conflict Act will be mentioned later under the individual areas of activity or 'association work'.

The cordial understanding between the Ministry and LIGA is evident not only in the past ("Furthermore, cuts in the implementation of the 1997 budget were also averted with the Ministry's support" [18]), but also in matters concerning the future. "In connection with the BMFSFJ's planned transfer of European Social Fund resources to Section 17, an exchange of views took place on how the EU funds to be secured could best be utilised for the benefit of German welfare organisations. The dialogue is to be continued and intensified in the year 2000."[19]

The only item to be regarded as *a block grant* from the federal budget is Title 684 04, which amounted to 18.5 million euros (in 2003). The term 'block grant' gives the impression of institutional funding for the organisations, and as it was also unclear what was actually (as shortfall), the

funding guidelines were revised following a reprimand from the Federal Audit Office, "which now identifies project funding as a type of grant and fixed-amount funding as a type of financing. Project funding is intended to circumvent the strict interpretation of the prohibition on improving the financial position, whilst fixed-amount funding is designed to avoid the use of reserves. It is doubtful whether the new guidelines will truly resolve the conflict with the Federal Audit Office."[20]

II.3.2. State grants

As federal grants are intended solely for the Federal Working Group, the federal states must provide financial support to the respective state working groups for their 'umbrella organisation work'. The federal states list these allocations in their state budgets under 'Grants to the organisations affiliated to the Working Group of Umbrella Organisations of Independent Welfare Services' (North Rhine-Westphalia) or, somewhat less clearly, under: 'Funding for social measures and institutions' (Saarland). Thuringia provides an exemplary detailed explanation:

"The grants serve to enable the associations united within the League of Independent Welfare Organisations to fulfil their central administrative and coordination tasks, as well as to offset uncovered costs arising from the fulfilment of independent welfare tasks by sub-divisions, affiliated institutions and associations. In addition, 3 per cent of the proceeds from the numbers lottery and sports betting is made available to the welfare associations for their use."[21]

In total, these allocations (*see Overview 20*) amount to around 45 million euros. This total figure can only serve as an indication of the order of magnitude, as it would require a very detailed examination for each federal state to determine what is actually financed by these allocations and which other general activities of the voluntary welfare organisations in specific areas (care for the elderly, youth welfare, etc.) may also be supported by them. For example, the state of Mecklenburg-Western Pomerania has included in its budget (for 2003) 5,368,600 euros as 'grants to independent welfare organisations for special social measures', with the explanation that the funds are earmarked as grants for ten different areas – ranging from domestic care to early intervention centres – and one recipient is the 'League of Central Organisations of Independent Welfare Services'.

Overview 20: State grants to the State Working Groups of the Umbrella Organisations of Independent Welfare Organisations

Federal state	*(per year)*	*State grant*
Baden-Württemberg	(2003)	3,579,000 euros
Bavaria	(2003)	649,300 euros
Berlin	(2003)	2,100,000 euros
Brandenburg*)	(2003)	1,300,000 euros
Bremen	(2003)	28,121 euros
Hamburg	(2002)	418,000 euros
Hesse	(2002)	231,000 euros
Mecklenburg-Western Pomerania**)	(2003)	5,368,600 euros
Lower Saxony	(2002)	300,000 euros
North Rhine-Westphalia ***)	(2003)	16,361,300 euros
Rhineland-Palatinate ****)	(2002)	900,000 euros
Saarland	(2002)	695,400 euros
Saxony	(2002)	4,800,000 euros
Saxony-Anhalt	(2003)	5,760,000 euros
Schleswig-Holstein	(2002)	1,182,100 euros
Thuringia	(2002)	1,431,600 euros
Total	*(2002 / 2003)*	*45,104,421* euros

Sources: State budget plans and information provided by the relevant state (social) ministries.
**) 'Project funding as compensation for staff costs for non-regularly funded welfare work by associations.'*
***) Grants to various recipients, including the LIGA.*
****) North Rhine-Westphalia plans to reduce these grants to 13,089,040 euros in 2004 and to 9,816,780 euros in 2005.*
*****) Rhineland-Palatinate had allocated a further 1.6 million euros for the LIGA up to 2001.*

Furthermore, the budget line for the umbrella organisations in North Rhine-Westphalia also includes additional grants for supra-regional organisational tasks.

Overview 21: North Rhine-Westphalia: Grants to organisations affiliated to the Working Group of Leading Voluntary Welfare Organisations, 2003

1. Block grants	13,447,000 euros
2. Preliminary audit of the statement of expenditure	971,500 euros
3. Grants for advice and support for initiative and self-help groups (care)	920,300 euros
4. Measures to improve the skills of volunteers	766,900 euros
5. Further training in social work	255,600 euros
6 Total	16,361,300 euros

Source: NRW Budget 2003, Chapter 11 041 – 684 11.

The Court of Auditors of the State of Saxony examined the 'grants to the umbrella organisations of independent welfare services' in detail at the time and came to some remarkable conclusions:

"In 1996, the Saxon Ministry of Social Affairs paid grants totalling 6.5 million DM to six umbrella organisations of independent welfare services operating in Saxony [list of organisations]. The Saxon Ministry of Social Affairs paid grants without first having assessed the need for such grants. [ ] Two umbrella refused to submit the nnual accounts. [...] Upon inspecting the annual accounts of some umbrella organisations, the Court of Auditors identified reserves and provisions amounting to set at 2.85 million DM. The grants awarded to these umbrella organisations were not necessary at that level."[22]

These state grants are also 'allocated' in different ways. Some are allocated at state level, others at the level of the district authorities. In the debate on the increased localisation of social services, the district level is also becoming more important.

II.3.3. Grants at district level

As the state grants are intended solely for the state working groups, the districts must now in turn provide financial support to the district association offices. The district of Warendorf serves as an example; according to information from the North Rhine-Westphalia District Council, it is the only district that publishes a 'social report'.

Overview 22: Grants from Warendorf District to welfare organisations, 2002.

'The Warendorf district provides grants on a voluntary basis to promote social welfare to organisations and associations operating across municipal boundaries that carry out social welfare work. The grants are awarded without being earmarked for a specific purpose, provided that the funds are used only within the territory of the Warendorf district and that corresponding applications from local organisations for grants from the Warendorf district are taken into consideration."

The following organisations received district grants for the year 2002:

· Workers' Welfare Organisation – Hamm-Warendorf sub-district	5,112.91 euros
· Caritas Association for the Warendorf District e.V.	5,112.91 euros
· German Parity Welfare Association – Warendorf District Group	5,112.91 euros
· German Red Cross – Warendorf-Beckum District Association e.V.	5,112.91 euros
· Diakonia Gütersloh e.V.	5,112.91 euros
· Association of War and Military Service Victims – Warendorf District Branch	3,067.75 euros
· BHD Federal Association for the Rehabilitation and Advocacy of of People with Disabilities – Warendorf District Association	127.82 euros
· BHD Federal Association for Rehabilitation and Advocacy of People with Disabilities – Hamm-Beckum District Association	127.82 euros
· Reichsbund Social Association e.V.	76.69 euros
· Federation of War-Blind People of Germany e.V. / Münster District	51.12 euros
· Münster Association for the Blind e.V.	51.12 euros
In total	*29,066.87 euros*

8 The LIGA associations received a total of 25,564.55 euros (i.e. 88 per cent of the grants for the promotion of social welfare), with each of the five associations – to avoid any unpleasant disputes – receiving the same sum of 5,112.91 euros. As no other district has published its allocations in such detail, no further information is available. However, if this amount is regarded as 'typical' and extrapolated to all 323 (county) districts in Germany, this results in .3 million euros in state grants for the LIGA's association work at district level.

II.3.4. Grants from independent cities

In addition to the (rural) districts, Germany also has 116 cities independent of district administration as administrative units, as well as Hanover and Saarbrücken, which are special types of local authority associations. In terms of lump-sum block grants – excluding further grants for specific areas or projects – the cities paid: Cologne 1,884,000 euros (in 2001), Munich 535,500 euros (in 2002); Frankfurt paid (in 2003) 141,000 euros to individual associations within the LIGA (51,000 euros to the AWO, €30,000 to the Caritas Association, €20,000 to the DPWV and €40,000 to 'welfare organisations'); in addition, the Protestant Regional Association received a further €226,000 and the AWO a further €189,000.

However, it is not possible to deduce from this how much is contributed to the LIGA by the other towns. Another aspect became clear relatively early on, namely that 'the so-called global funding of association work by towns, districts and local authorities is not without its problems and can be a source of unpleasant disputes between the welfare organisations'.[23]

II.3.5. Further key grants

In the 2003 federal budget (Section 17: Family, Senior Citizens, Women and Youth – Chapter 1702, Title 684 07), 7.08 million euros are earmarked as 'grants to central organisations and for central measures in the field of social welfare'. Of this, 1.19 million is allocated to the *Institute of Social Work and Social Pedagogy* in Frankfurt am Main, which is part of the AWO, and a further 5.88 million is earmarked for unspecified 'project funding'.

II.4. Further supra-regional funding

II.4.1. (Social) lottery funds

Even if lottery players believe it is an event designed so that one of them might win, it is and remains a state-licensed enterprise intended to generate additional revenue for the state. In addition to the usual Lotto and Toto (see section II.4.2. for further details), there are three (social) lotteries in Germany, two of which benefit exclusively the independent welfare organisations. Of fundamental importance to the associations is the view that: 'In the eyes of public funding bodies, the funding provided by *Aktion Mensch* [and the other lotteries, C. F.] is regarded as the organisation's own resources.'[24] This is important insofar as these 'own funds' are often of the sponsoring organisation are a prerequisite for public funding.

ZDF: *Aktion Mensch*

Aktion Mensch (known as *Aktion Sorgenkind* until 2000)[25] is a registered non-profit association with seven members: ZDF and the six umbrella organisations of the independent welfare sector. Four organisations representing people with disabilities are also represented on the board of trustees.

Funding is primarily provided in the form of so-called *'core funding*', i.e. as time-limited start-up funding for facilities and services, for which the applicant's own funds are always a prerequisite. The welfare organisations themselves do not receive any funding.

Table 23: Total amounts of approved applications by Aktion Mensch, 2003, in thousands of euros

	Independent Association	*DCV*	*DW*	*AWO*	*DRK*	*DPWV*	*LH *)*	*Total*
Core funding	1,521	15,548	12,836	2,392	2,457	20,271	17,353	72,378
German Disability Foundation Disaster relief	112	2,964	2,248	145	165	4,129	2,795	12,558
Children and young people aid	2,969	3,277	1,789	303	854	3,032	279	12,502
Incentive funding	1,376	486	544	470	326	2,935	536	6,672
Totals	***5,978***	***22,275***	***17,417***	***3,310***	***3,802***	***30,367***	***20,963***	***104,110***
As a percentage	*5.7*	*21.4*	*16.7*	*3.2*	*3.7*	*29.2*	*20.1*	*100*

Source: Aktion Mensch **) Lebenshilfe*

Net proceeds amounted (in 2000) to almost 192 million marks, plus around 10 million marks in donations and around 9 million from interest income, making a total of 211 million marks (= 108 million euros). In

2001, net proceeds rose to almost 250 million DM (= 127 million euros) and, in 2002 – following the currency changeover, which had raised fears of losses – stabilised at 114 million euros; in 2003, they amounted to 104 million euros. Any charitable organisation can submit applications to Aktion Mensch; however, it is clear that the umbrella organisations of the independent welfare sector dominate the field of charitable organisations, accounting for three-quarters (74.2 per cent) of the grants awarded.

However, the approved applications also reveal a preference for smaller organisations such as the DPWV, whose facilities, together with independent associations not affiliated to any umbrella organisation, received around one third (34.9 per cent) of the funding in 2003.

ARD: *The Golden 1*

Founded in 1956 *(*formerly: *'Ein Platz an der Sonne*'), 2.3 per cent of revenue is used for the organisation's running costs, 16.7 per cent goes towards lottery tax, 31 per cent is distributed as winnings, and 50 per cent of revenue is distributed by the *Deutsches Hilfswerk*. Until 1966, the focus of these distributions was on supporting the *Hilfswerk Berlin*. From 1967 onwards, welfare organisations became the main beneficiaries, and between 1967 and 2000, funds totalling 1.646 billion DM were distributed.

Table 24: Proceeds from the ARD television lottery, 2000, 2002, 2003 in thousands of euros

Organisation	10/2000	%	4/2002	%	10/2002	%	4/2003	%
Diakonia	2,963	*20.3*	5,776	*22.7*	3,718	*20.6*	6,601	*22.8*
DRK	2,209	*15.1*	2,982	*11.7*	2,750	*15.3*	4,747	*16.4*
AWO	2,287	*15.6*	4,296	*16.9*	2,534	*14.1*	3,677	*12.7*
Caritas	2,089	*14.3*	5,497	*21.6*	2,928	*16.3*	6,785	*23.4*
DPWV	1,892	*12.9*	3,800	*14.9*	1,983	*11.0*	3,929	*13.5*
Average annual growth rate	715	*4.9*	872	*3.4*	896	*5.0*	800	*2.8*
BfS	511	*3.5*	250	*1.0*	250	*1.4*	0	*0*
BAGFW	*12,663*	*86.6*	*23,473*	*92.2*	*15,059*	*83.6*	*26,539*	*91.5*
KDA	1,456	*10.0*	1,688	*6.6*	1,688	*9.4*	1,688	*5.8*
Broadcasting subsidy	383	*2.6*	0	*0*	770	*4.3*	385	*1.3*
Independent organisations	106	*0.8*	307	*1.2*	500	*2.8*	400	*1.4*
Total	*14,609*	*100*	*25,467*	*100*	*18,017*	*100*	*29,012*	*100*

Source: ARD TV Lottery (10/2000 and percentages calculated by the author).

In 2002 (*Table 24*), 43 million euros were available for distribution (in two rounds), of which the charitable organisations received 89 per cent: the Diakonisches Werk received around 22 per cent (9,494,000 euros) and the German Caritas Association 19 per cent (8,425,000 euros). Funds are allocated on the basis of applications *for grants for individual projects* and vary accordingly from year to year.

GlücksSpirale (Lucky spiral)

The state-run lottery companies also launched the *GlücksSpirale* as a social lottery for charitable purposes. Revenues are rising significantly. Whilst they stood at 115 million DM in 1997, they rose to 136.5 million DM in 1998. Two years later (in 2000), the *net proceeds* amounted to 196.8 million marks[26]and were divided into three equal parts as an allocation without any specific applications. (As lottery organisations are organised on a state-by-state basis, there may be variations.) Funding is provided in particular for *investments* (construction and purchase of property, expansion, conversion, modernisation, refurbishment and fitting out of facilities) as well as *start-up grants* for initiatives. Funding is provided in the form of grants. At least 20 per cent of the funds must be provided by the applicant. 'Own funds' within the meaning of this provision 'are loans, donations and non-earmarked grants from third parties'. [27]

In 2000, the three 'beneficiaries' – the German Sports Federation, the Federal Association of Independent Welfare Organisations and the German Foundation for the Preservation of Historical Monuments – each received 65.6 million marks (= 33.5 million euros). In line with the 'market positioning' within the Federal Association mentioned above, Caritas received 23 million marks (= 11.75 million euros) and the Diakonisches Werk 20 million marks (= 10.2 million euros) from the *GlücksSpirale* (in 2000).

However: 'In almost all federal states, projects in the fields of environmental protection and nature conservation have also been funded from the earmarked proceeds of the *GlücksSpirale* lottery for the past few years. As a result, the share of funds raised by this lottery allocated to independent welfare organisations has fallen from around 33 per cent to 25 per cent.'[28]

Glückspilz / Glückskäfer (Lucky charm / Lucky beetle)

Under the slogan 'Help & Win', scratch cards are sold for 1 euro. This is a state lottery operating in eight federal states (Berlin, Brandenburg, Saxony-Anhalt, Thuringia, Mecklenburg-Western Pomerania, Lower Saxony, North Rhine-Westphalia and Hesse), which, as an instant lottery exempt from lottery tax, serves to "directly raise funds for the associations involved in the sale".[29] '45 per cent of the proceeds go towards your social work!', urges the Caritas Association of Aachen to church parishes as an

incentive to take part, and immediately lists the places where these tickets can be sold: 'street festivals, sports days, inaugurations, open days, social circles, information stalls, parish fairs, kiosks, department store entrances, etc."[30] Since 1990, the lottery has been organised by *Lotterie-Organisations-Gesellschaft mbH* (L.O.G.), a subsidiary of *BFS Service GmbH*, which in turn is a subsidiary of *Bank für Sozialwirtschaft AG*, which in turn 'belongs' to the associations of the BAGFW.

However, to ensure that things that do not belong together are not mixed up, there is the *'Glückspilz'* for the independent welfare organisations and the *'Glückskäfer'* for other charitable organisations (DLRG, NABU, VdK, etc.).

The *'Glückspilz'* features the logos of the six umbrella organisations in six fields, which you have to scratch off; depending on what is revealed, you are either a good loser or a winner of between 50 and 1,000 euros. In 2003, the more affordable postcard tickets were introduced, and during the running period (usually from 1 September to 1 December of each year), L.O.G. generates an additional annual revenue of around 1.7 million euros for the 'lottery operators organised into working groups'.[31]

The 'Glücksrakete' (Lucky rocket) ticket price 5 euros, offered in the eastern federal states (and in Hesse), is the continuation or revival of a lottery of the same name in the GDR. It is a combination of a scratch card / instant win game and a last-digit lottery ('1 ticket, 2 chances'). The lottery is operated as a state lottery and the surpluses flow into the state budgets.

Summary

In total, these (social) lotteries generated around 178 million euros a year for organisations affiliated with the umbrella associations of independent welfare services. The importance of this source of income is evident, for example, in the interim report of the Caritas Association for the 1990s, which noted at the time it was noted, amongst other things:

- the extension of beneficiaries to include nature conservation [in the *Glücks-Spirale*] could be limited to Bavaria;
- the attempt to classify the lottery funds as state funds, even though lottery tax had already been paid, was averted following legal clarification.

The second point is particularly important, as these lottery funds are (and must be) used as own funds in order to meet the own-funds requirement for a sponsoring organisation, which is frequently stipulated by law.

The significance of these lottery funds can be illustrated by a time series in which the German Caritas Association reported the financial volume available within the Caritas Association to support investments (*Overview 25*). Between 31 and 41 million euros (60–81 million DM) per year were used to support investments within the Caritas Association as own funds. With an average of 36 million euros per year and a required (and thus covered) equity ratio of 20 per cent, these lottery funds alone 'generated' an annual investment volume of 180 million euros for the organisations operating under the umbrella of the Caritas Association.

For the Diakonisches Werk, the distributions are likely to be of the same order of magnitude on a parity basis, meaning that, based on an average of around 70 million euros in lottery funds allocated to investment, a total of around 350 million euros in investment funds is consequently 'acquired' for the two denominational associations.

Overview 25: Investments funded via the German Caritas Association *(in TDM)*)*

Central funding	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*
1. Revolving funds A and B	8,409	13,793	10,729	6,415	3,093	9,449
2. General Interest Subsidy Fund	1,030	600	42	0	0	0
– " – Disabled	0	200	127	339	16	6
– " – East	509	410	0	338	0	0
3. German Relief Organisation Foundation	18,9251	9,4482	20,2481	11,393	11,329	16.396
4. 'Problem Child' Grants Scheme	17,074	29,484	34,246	41,990	37,691	32,499
– " – Interest subsidies	2,568	3,222	3,081	7,317	2,713	2,536
5. Kuratorium Deutsche Altershilfe	1,987	1,870	1,297	1,901	1,465	1,722
5. Lucky Spiral	10,118	7,505	10,477	12,460	10,859	18,037
Totals	*60,620*	*66,532*	*80,247*	*82,153*	*67,076*	*80,734*

Sources: neue caritas spezial 1, September 1999, p. 74, and September 2002, p. 61.

**) in thousands of German marks* *1) 16-month period* *2) 8-month period*

II.4.2. State lotteries / casino levies

However, lotteries and casinos seem to be associated with a certain 'reputation' of 'gambling' or 'betting' – which is not 'respectable' – and so in some federal states, a 'State Lottery and Sports Betting Act' (Thuringia) or a 'Law on Lotteries and Betting' (Lower Saxony) stipulate that the surpluses from betting stakes flowing to the state must be spent on charitable causes. Of every euro staked, 50 cents are to be distributed. The remaining 50 cents cover operating costs and the state's share: 8 cents go as

commission to the betting outlets, three cents to the lottery company to cover administrative costs, 17 cents are paid as tax, and 22 cents remain as 'surplus'.[32]

Baden-Württemberg: As part of its grants to support facilities for people with mental and physical disabilities (Ministry of Social Affairs 0905 / 893 01) in 2003 from the *proceeds of casinos*, and facilities for the early intervention of disabled children were subsidised with 1.8 million euros from the *proceeds of state betting and lotteries* (Ministry of Social Affairs 09005 / 684 12).

Thuringia: In addition to the block grants from the Thuringian Ministry of Social Affairs, the LIGA der Freien Wohlfahrtspflege (in accordance with Section 3(1) of the Thuringian State Lottery and Sports Betting Act) of 1996 received 4.8 million DM per year, rising to 8.6 million DM by 2001 (*Overview 26*). There is a connection between these grants and the allocations from the state budget (*see Chapter II.3.2.*) insofar as they decrease (!) to 2.8 million euros in 2002, "as the revenue of the LIGA der Freien Wohlfahrtspflege under Section 3(1) of the Thuringian State Lottery and Sports Betting Act exceeded 8.76 million Deutsche Mark in the 2001 financial year and 9.36 million German marks [= 4.78 million euros] in the 2002 financial year." In other words, whilst the lottery funds generate more revenue, there are fewer direct state grants – the total amount (around 6.2 million euros) is nevertheless guaranteed.

Overview 26: Thuringia – State subsidies from state lotteries and sports betting[33]

1996	4,754,760.61 DM
1997	5,307,912.66 DM
1998	6,595,934.81 DM
1999	7,801,330.60 DM
2000	8,136,966.09 DM
2001	8,597,574.11 DM
2002 (up to 1 September 2002)	2,841,933.72 euros
	(equivalent to 5,558,339.22 DM)

Hesse: Under Section 3 of *the Act on State Sports Betting, Number Lotteries and Supplementary Lotteries in Hesse* (dated 3 November 1998, GVBl. I, p. 406), the following amounts are allocated from the stakes on *number lotteries*: "1. the Landessportbund Hessen e.V. 3.75 per cent, up to a maximum of 18,564,000 euros; 2. the League of Independent Charities 1 per cent, up to a maximum of 4,951,000 euros [ ]." From the stakes on the games organised by the State of Hesse will get "[...] 2. the

League of Independent Welfare Organisations receives 1 per cent, up to a maximum of 148,000 euros." This amounts to a total of 5,099,000 euros.

Lower Saxony: The *Lower Saxony Act on Lotteries and Betting (NLottG)* also stipulates that a portion of the licence fees paid to the state must be earmarked for specific purposes. 78.7 per cent of the revenue is distributed amongst the State Sports Federation, LIGA, the Lottery Foundation, and others. The following is allocated as financial assistance: "31.2 per cent to the umbrella organisations affiliated to the State Working Group of Independent Welfare Organisations, for the promotion of welfare-related tasks" (Section 7(2)(2)). A further 21.3 per cent of the revenue from the concession fee is allocated differently – of this, 3.5 per cent is earmarked for the 'general promotion of welfare tasks'. In 2002, this amounted to around 21.62 million euros for the State LIGA.

With regard to savings in the state budget, the associations of the Landes-LIGA agreed with the Ministry of Social Affairs to engage in a "constructive and critical dialogue", and the associations "reaffirmed that, as independent actors, each with its own specific profile, they were prepared to enter into this partnership".[34] In the autumn (on 4 November 2003), the Landes-LIGA went public and the tone had changed completely: the state government was abandoning:

'a partnership that has existed since the inception of the State of Lower Saxony, and it appears to be politically accepting that tried-and-tested social structures in the state are being permanently weakened and even destroyed to the detriment of the people affected. [...] In the interests of the citizens of Lower Saxony, the associations of independent welfare organisations consider a fair partnership with the state government. However, they are not prepared to give up their independence and their identity in return."[35]

What had happened? In early September 2003, the CDU and FDP parliamentary groups in the state parliament had tabled a draft bill for a supplementary budget act for 2004, which provided for a 'cap' on the percentage allocation from the concession levy to the LIGA, i.e. to set it at 20,280,000 euros plus 2,275,000 euros (making a total of 22,555,000 euros per year). This might perhaps have been tolerable, but as early as January 2003, the State Parliament had criticised the fact that there "areas not subject to scrutiny regarding the use of state funds by welfare organisations", which it was no longer prepared to tolerate, and the state government was called upon to "ensure the right of the State Audit
to audit the use of state financial assistance by welfare organisations, including the final recipients of these funds ".[36] The CDU/FDP draft bill

had set out detailed and had also provided for "audits by the State Audit Office" in Section 10a. However, this right of the State Audit Office to audit the use of funds brought about a decisive change, as

"[ ] it was not known to either the legislative process for the NLottG or the State Audit Office Court of Auditors, prior to its audit, it was not known that two welfare organisations [Caritas and Diakonia, C.F.] are parts of legal entities governed by public law, particularly as they had concluded the framework agreement as 'independent welfare organisations'. For them, there is [as yet] no statutory right to audit because, as religious or ideological communities under public law pursuant to Section 105(1), second sentence, of the State Audit Act (LHO). In the opinion of the State Audit Office, all umbrella organisations should be treated equally; the audit gap should be closed, if possible, by a statutory provision, or at the very least by a contractual arrangement."[37]

This effectively amounts to the termination of a 'fair partnership' that has lasted for 50 years.

North Rhine-Westphalia: Among the beneficiaries of *the Westlotto* in North Rhine-Westphalia (in 1998) were also the umbrella organisations of independent welfare services, each of which received the same amount: 5 umbrella organisations × 8.9 million DM = 44.5 million DM (22.7 million euros).

In 2001, *Schleswig-Holstein* paid out 77 and 794,000 euros from the earmarked proceeds of the 'Spiel 77' and the 'Losbrieflotterie' lotteries 'to the State Working Group and the welfare organisations, as well as to other associations, clubs and similar institutions'. For 2002, 2.1 million euros from the same proceeds are earmarked for investment.

Digression IV: BAGFW and State Audit Offices

The 2003 dispute in Lower Saxony (as alluded to on the previous pages) has brought to light an issue that has been the subject of debate in Schleswig-Holstein since as early as 1990: the right of the State Court of Auditors (LRH) to audit welfare organisations.

In 1990, the state of Schleswig-Holstein adopted a new state constitution, and Article 56 stipulated:

"The LRH shall audit the budgetary and financial management of legal entities governed by private law *if* they receive funds from the state budget, manage state assets or if the LRH is granted a right of audit."

A democratic given – the controlled use of taxpayers' money in a parliamentary constitutional state – one would think.

"Together with Section 104 of the Local Government Finance Act (LHO), this [Article 56 of the State Constitution] confers a right of audit on the State Audit Office (LRH), which the independent welfare organisations consider to be too far-reaching and unconstitutional. During the LR's audit entitled 'Outpatient social services – grants to independent welfare organisations', an audit carried out under Section 91(1) of the LHO, obstacles to the audit arose which ultimately led to the LRH discontinuing the on-site investigations. A legal opinion by Prof. Dr Delbrück was cited as the justification for these obstructions [...]. The argument put forward therein – that independent welfare organisations enjoy a special constitutional status which prohibits any audit of them – is flawed."

Since then, there has been a dispute in Schleswig-Holstein, legal action has been brought before the courts, and in 1999 legal certainty was established that the LRH has certain audit rights. The question of whether Section 104 of the LHO is constitutional remains disputed.

At federal level and in Bavaria, the audit powers of the courts of audit have been upheld.

In Bavaria, the Supreme Court of Auditors examined *outpatient social care services* in its 1997 annual report and concluded "that in most cases, state funding was not necessary, or at least not to the extent granted". It was further noted:

'Under the so-called "umbrella organisation principle", the guidelines stipulated that the relevant umbrella organisations were to examine the individual applications from their affiliated service providers and draw up a collective application, on the basis of which funding was granted to them. At the end of the funding period, the final recipients of the grant were required to submit statements of expenditure to the umbrella organisation, which was responsible for reviewing these and compiling them into a single statement of expenditure. The umbrella organisations were permitted to reallocate the funds [...]. In some cases, the prescribed audit of the individual implementing bodies by the umbrella organisation was not carried out properly, either during the application process or the statement of expenditure procedure. [...] In most cases, the services had substantial surpluses or reserves, in particular from service fees."

Conclusion: Out of 118 audits, there were 91 cases involving clawbacks. Of the grants approved (DM 7.45 million), DM 3.89 million was reclaimed – a clawback rate of 52.2 per cent. "On this basis, when submitting the statement of expenditure for 1995, the umbrella organisations voluntarily repaid DM 3.7 million of the DM 21.4 million disbursed due to a lack of need."[38]

The Federal Audit Office, too, has consistently asserted its authority (Sections 91 and 100 of the Federal Budgetary Regulations, BHO) and

thus—for example, in 1995, it reclaimed 8.5 million marks from the Diakonisches Werk. In accordance with the Federal Budget Regulations, the Federal Audit Office is responsible for every recipient of funds and, where funds are passed on, is also entitled to audit the subsequent recipients.

II.4.3. Foundations

Foundations are a traditional component of the funding structure for 'charitable' organisations. Accordingly, they enjoy tax advantages and are subject to legal supervision. The basic principle is that the foundation's endowment (capital) is fixed and that the foundation's work and activities may only be financed from the (interest) income generated by it.

Charitable foundations

In the charitable sector, there are still foundations in existence today that date back to the 10th century. Although these oldest surviving foundations have their historical roots in a particular denomination, they do not pursue directly ecclesiastical aims, but rather exclusively 'social' purposes (*Overview 27*) for the elderly, welfare or charitable work.

Overview 27: The oldest foundations still in existence in Germany (2000)

Since	*Name of the foundation*	*Registered office*	*Purpose*
900	United Pfründnerhäuser	Münster, NRW	Welfare
950	Wemding Hospital Foundation	Wemding, Bavaria	Old
1100*)	Magdalenenhospital Foundation	Münster, NRW	Old
1150	St. Nikolai Hospital Foundation	Munich, Bavaria	Charitable work
1161	St John's Court Foundation of 1161	Hildesheim, Lower Sax.	Old
1172	St Benedikti Hospital Fund	Hanover, Lower Saxony	Old
1173	St. Johannis Convent of the Virgins	Lübeck, Schleswig-Holst.	Old
1180	St Elisabeth's Hospital Foundation	Ellingen, Bavaria	Old
1200*)	Holy Spirit Hospital Foundation	Landshut, Bavaria	Old
1200*)	Hospital Foundation	Lauingen, Bavaria	Welfare
1200*)	'Zum Heiligen Geist' Hospital	Heiligenstadt, Thuringia	Old
1200*)	Infirmary care	Würzburg, Bavaria	Old
1200*)	Ehehaltenhaus Foundation	Würzburg, Bavaria	Old
1200*)	St. Johannis Hospital Foundation	Passau, Bavaria	Old
1200*)	Unterhospital Foundation	Memmingen, Bavaria	Old

Source: Federal Association of German Foundations (ed.): Figures, Data and Facts on the German Foundation Sector. Darmstadt: Hoppenstedt, 2000, p. 11.

**) Historical ambiguities*

The concept of foundations has also been increasingly promoted by welfare organisations – particularly the two denominational associations – since subsidies from the churches and the state have been declining. In doing so, they 'feed the market' and operate according to the principle of 'do ut des', i.e. on the possibility of increasing the foundation's capital through additional donations, including inheritances and bequests: 'I give (500,000 euros) so that you (also give 500,000 or, better still, 2 million euros)'. Only when the foundation's capital reaches a level of between 2.5 and 3 million euros does it generate sufficient income to cover administrative costs whilst also providing a substantial sum for the foundation's purposes.

Overview 28: The 15 largest institutional foundations in Germany (2000)

Church foundation	E / K	*Assets / Euro*	*Expenditure**)/Euro*
SRH Holding (Heidelberg Rehabilitation Foundation)	E	323,000,000	384,425,000
Liebenau Foundation	K	285,000,000	39,000,000
Braunschweig United Monastery and Study Fund	E	204,000,000	4,570,000
Karl Schlecht Foundation (KSG)	(K)	204,000,000	510,000
Protestant Johannesstift Berlin	E	178,980,000	35,690,000
Protestant Alsterdorf Foundation	E	141,687,000	134,404,000
Konstanz Hospital Foundation	*)	103,635,000	81,830,000
Prince Donnersmarck Foundation, Berlin	E	102,000,000	30,916,000
Foundation for the Institute for the Blind	K	101,000,000	51,190,000
Bethel Institution	E	96,808,000	322,822,000
Hessing Foundation	(K)	90,400,000	34,728,000
Juliusspital Würzburg Foundation	K	70,540,000	55,764,000
Protestant Charitable Foundation	E	60,327,000	17,928,000
Non-denominational			
Orphanage Foundation under public law		66,495,000	13,690,000
Meyersche Häuser Foundation		142,000,000	15,300,000

E = Protestant, K = Catholic, (..) only partially denominational

Source: Federal Association of German Foundations (ed.): Figures, Data, Facts, p. 14. (Classification based on self-description / consultation with the respective foundations)

**) The classification of the Bürgerhospital Konstanz may be disputed, as its history is marked by a centuries-old dispute between the Church and the City of Konstanz over who is the governing body of this foundation. Current status: the citizens of Konstanz. However, it originated from a foundation established by the bishop and 'pious donations'.*

***) The total expenditure of these foundations generally does not stem from investment income, but from service fees, such as care rates.*

The endowment may either be channelled (anonymously, so to speak) under the umbrella of the existing foundation to support various beneficiaries, or the foundation may – as in the case of the Caritas Community Foundation of the Caritas Association for Stuttgart – serve exclusively as a funding foundation for the Caritas Association and as a pool for further endowments, in which the donor's name is retained – after all, one does wish to leave a honourable legacy.[39] The individual returns do, after all, add up to a considerable sum: within the umbrella of the Community Foundation there are four further foundations, a foundation-fund, a contract of inheritance and three wills. This foundation concept seeks to revive and strengthen a long-standing tradition, which is reflected in the scale of the fifteen largest institutional foundations.

The range of the foundations' assets extends from 60 million euros to 323 million euros, and annual expenditure amounts to between 510,000 and 384 million euros. These figures already make it clear that charitable organisations can also be run as large institutions and that most of the major institutional foundations were established on a more or less denominational basis and are still operated in this way today – as specialist institutions including an institutional church. (For instance, staff at the largest institutional foundation in northern Germany came up with the ironic alliterative rhyme: "Bethel offers brotherhood for cash.")

Alongside these charitable foundations, there are also political foundations dedicated to social welfare.

Political foundations

North Rhine-Westphalia: The *North Rhine-Westphalia State Foundation for Social Welfare* was established in 1974. The sole purpose of the Foundation is to utilise the casino levy paid to the State of North Rhine-Westphalia under the Casino Act (SpielbG NW), which is derived from the gross gaming revenue of the three casinos in Aachen, Bad Oeynhausen and Dortmund-Hohensyburg. In recent years, the Foundation has had around 50 million marks (= 25 million euros) of these funds at its disposal annually. In 2003, this amounted to 7,669,500 euros as a general grant for the Foundation and 17,895,500 euros as grants for investments, totalling 25.57 million euros.

The Foundation's Board comprises five members of the state parliament, three senior civil servants and two representatives of the State Working Group of the Umbrella Organisations of Independent Welfare Services. This is an example of how the umbrella organisations have successfully insulated themselves from other non-profit competitors vying for

public funds. The Act – establishing the foundation – stipulates only that the 'funds received are to be used exclusively for welfare purposes that are charitable or benevolent within the meaning of tax law, in particular for institutions supporting children with disabilities and care for the elderly'.[40] It is only the articles of association that narrow the circle of beneficiaries, leading to the following criticism: 'Funding is provided only to independent charitable organisations affiliated to the Working Group of the Umbrella Organisations of Independent Charitable Services in the State of North Rhine-Westphalia. Municipal and private-sector organisations cannot receive grants under the Foundation's articles of association."[41] There is not even any mention of independent charitable organisations outside the Association.

Berlin: Of every euro staked on the Berlin Lotto, 20 cents goes to the *Deutsche Klassenlotterie Berlin Foundation*. In 2002, the Foundation's Board had 84.2 million euros to distribute. Funding is provided – depending on the applications received – for a diverse range of projects in culture, science, sport, social welfare, the Zoologischer Garten and much more. In accordance with the statutes, the main focus is on supporting sport (25 per cent of the special-purpose levy) and, additionally from 2001 to 2004, youth work (also 25 per cent).

II. 4.4.Charity stamps

As the name suggests, the LIGA is the beneficiary, and around 35 million marks[42] (= 18 million euros) were generated (in 2000) from the proceeds of the surcharge. According to the 'market positioning' within the Federal Working Group, this would amount to DM 12.3 million (= 6.3 million euros) for the Caritas Association and DM 10.5 million (= 5.4 million euros) for the Diakonisches Werk. (The 30 per cent share of the Diakonisches Werk assumed for 'market positioning' is explicitly confirmed here: "The Diakonia's share of total turnover from charity stamps rose to 30 per cent by 1980. This means that 30 per cent of the net proceeds from the welfare stamp surcharges generated by the Deutsche Bundespost are channelled into the work of the Diakonia."[43]) The Caritas Association reports that, for the 1990s, annual surcharge revenue "could be stabilised at around DM 8.5 million [= 4.3 million euros]".[44]

In 2001, (only) 15.4 million euros were generated, whereas in 2002 17.0 million euros were generated again**.** In addition, in 2002 there was further revenue from the special 'Flood Relief' postage stamp (1.5 million euros), and in 2003, 'to tap into new sales markets', a trial sale was conducted of a 'Plusbrief' featuring a printed charity stamp.

This campaign is accompanied each year by a considerable advertising effort. In 2003, 10,000 outdoor advertising spaces were secured nationwide for a nationwide poster campaign (cost: none; estimated value: 1 million euros); in underground stations and railway stations, a 5-second

advert was shown 226,000 times on video screens; and 45 radio stations broadcast a 20-second advert more than 800 times. All free of charge.

However: "The market as a whole is in a downward trend, primarily due to rapidly changing forms of communication."[45]

The younger the users, the more they use the internet and mobile phones. Consequently, the less paper post is sent, the fewer stamps are needed.

Nevertheless, it remains an important source of income, and the Caritas Association's head office can put the 1 million euros it generates from the sale of charity stamps to good use as its own funds.

II.4.5. Donations, collections, fundraisers, fines

These four terms – donations, collections, fundraisers and fines – form part of a broader concept of raising funds voluntarily given in response to a request – a kind of state-sanctioned begging, known in 'technical jargon' as 'fundraising'.

Donations

In 1996, the *German Central Institute for Social Issues* (DZI) estimated the total amount of donations in the charitable sector at 4.1 billion DM (= 2.1 billion euros).[46] More detailed breakdowns or compilations are not available. In the overview of *organisations with the highest donation takings in Germany in 2002*[47] compiled by the *Federal Working Group for Social Marketing (BSM) – German Fundraising Association e.V.*, the *German Red Cross* (DRK) ranks first with donations totalling 167,752,321 euros, followed by *SOS Children's Villages* in second place and the *German Caritas Association e.V. Caritas International* in third place – with 74,460,802 euros in donations received. Although the Diakonisches Werk does not feature in the top twenty, three organisations that are members of the Diakonisches Werk do: Johanniter-Unfallhilfe (€70,600,000), the Christoffel Blindenmission e.V. CBM (€39,977,188) and the Bodelschwinghsche Anstalt Bethel (€16,555,058), with a combined total of €127,132,246.

Excluding the churches' international aid and mission organisations (*Brot für die Welt*, *Adveniat*, *the Pontifical Mission Society for Children*, *Misereor* and *the Bonifatiuswerk* – which together raise 226 million euros in donations), the total for the Caritas Association and members of the Diakonisches Werk is around 200 million euros.

However, the income of these charitable organisations includes both international contributions and donations earmarked for disaster relief. Of the German Red Cross's (DRK) €167.75 million in donations, for example, €147.1 million were donations for the victims of the Elbe floods in August 2002. On the other hand, however, the income of the regional associations and individual institutions, as well as that of the sponsoring or-

ganisations revenue from donations is not recorded at all. However, this area of fundraising will become far more important in future than it has been in past decades, as the organisations must increase their own-source revenue to compensate for reductions in state (and church) grants. In other words: the independent welfare organisations must in fact reach the point where they already appeared to be twenty years ago. At that time, the BAGFW stated: 'The work of the independent welfare organisations is, in financial terms – insofar as it is not funded by the public sector (or supported by membership fees) – largely dependent on donations.'[48]

To give at least a rough idea of the scale at the level of the regional associations of the Diakonisches Werk, one can extrapolate the donation figures based on the results of the Diakonisches Werk Baden.

The *Regional Church of Baden* – whose territory and population correspond to those of *the Diakonisches Werk Baden* – accounts for 4.86 per cent of the EKD's 'redistribution benchmark'.[49] This provides a certain degree of plausibility for extrapolating the donation figures to the national level. (The reasonable plausibility of this percentage also stems from an objective point of comparison: in 2000, *'Brot für die Welt'* raised DM 108,278,000 nationwide; the Diakonisches Werk Baden raised DM 5,442,078, which is exactly 5.03 per cent.)

Overview 29: Diakonisches Werk Baden:
Donations for causes in Germany, in euros

Purpose of donations	*1998*	*1999*	*2000*	*2001*	*2002*
Confirmation thanks	78,652	73,249	75,128	116,360	77,138
Nursery collection	22,159	21,514	-	-	-
Church aid for the unemployed	37,302	32,987	29,440	31,047	28,625
Other earmarked donations	25,405	12,816	32,705	37,726	8,941
Total	163,518	127,750	137,363	185,133	114,704

Source: Diakonisches Werk Baden: Annual Report 2001 and Annual Report 2003 (excluding donations for international aid such as 'Brot für die Welt', disaster relief, *etc.).*

The figures vary significantly from year to year, and when extrapolated nationwide, the range for the Diakonische Werke is between 2.4 million euros (in 2002) and 3.8 million euros (in 2001). This also demonstrates how sensitive the 'donation barometer' is to the economic situation and people's willingness to donate. There have also been isolated cases of scandals (such as those involving the *Caritas Trägergesellschaft Trier* [ctt] and the Deutscher Orden Hospitalwerk; (S*ee also Excursus XIV:*

Charitable 'Monopoly') damage the positive image and lead to the conclusion: 'There have been slumps in the willingness to donate.'[50]

If one assumes an average figure of around 3 million euros for the Diakonische Werke and the same figure for the diocesan Caritas associations – that is, a total of around 6 million euros from donations – then the donations to the many small institutions and organisations are not taken into account at all. If these were included, the total sum would likely be considerably higher.

The harsh stance taken by the Federal Working Group against a competitor demonstrates just how fiercely this area of fundraising is safeguarded by the independent welfare organisations:

"The independent welfare sector must defend itself against all attempts by the public sector to encroach on the free donations market. It cannot simply accept a situation where the state, by exploiting its influence over the mass media – possibly disguised as independent social service providers – diverts donations from the public for purposes for which, unlike the independent welfare sector, it has its own financing instrument at its disposal: taxation." [51]

Digression V: Charitable Activity

Although 'charity' has become an obsolete term, it remains part of the triad for tax exemption: an organisation must be 'charitable, non-profit or church-affiliated' in order to qualify for tax relief, i.e. to be tax-exempt (Sections 52–54 of the German Fiscal Code). In detail, there is a significant difference here: donations to *non-profit* organisations are tax-deductible for the donor up to five per cent of their own income; however, for donations to *charitable* organisations, the donor may deduct double that amount, i.e. 10 per cent. This is an interesting distinction. This 10 per cent tax relief for charitable donations is particularly significant for wealthy 'major donors', as they effectively receive part of the donation back from the tax office.

In 2001, the Berlin tax office had formally revoked the charitable status of the local Diocesan Caritas Association for the period 1996 to 1998, on the grounds that it was not clearly evident from the statutes of Caritas in Berlin that it acted 'altruistically' – the decisive prerequisite for recognition as a 'charitable organisation' – and for this, the activity must be statutory-

'aimed at selflessly supporting persons who 1. are dependent on the help of others as a result of their physical, mental or psychological condition, or 2. whose income does not exceed four times the standard rate of social assistance...' (AO § 53 Charitable Purposes).

Caritas challenged the tax office's view that the articles of association did not make it clear how Caritas intended to carry out its charitable work, and was upheld by the Berlin Finance Court in March 2004. The wording in the articles of association was deemed sufficient, and the accounts for charitable and non-profit purposes were kept separate: "Caritas Berlin once again recognised as a charitable organisation."[52] (Ref. 7 K 7175/02)

Fundraising

Fundraising (door-to-door and street collections) is a traditional and important means of raising funds. However, not everyone can simply pick up a collection box and set off – who, when and where are precisely stipulated at state level. The extent of this is made clear by the example of the 'Collection Schedule for the State of Lower Saxony for the Year 2003', the scope of this becomes clear. Door-to-door collections do not merely go from door to door but work through lists of residents, whilst street collections involve professional collectors with clattering, sealed collection tins.

Overview 30: Extract from the Lower Saxony Collection Schedule 2003

Caritas associations in Hildesheim, Osnabrück and Oldenburg	16.2.–26.2 / 21.8—29.8.
Diakonisches Werk der	7.3. –15.3. / 30.8.–7.9.
- Protestant Lutheran Regional Church in Braunschweig	
- Protestant Lutheran Regional Church of Hanover	
- Protestant Reformed Church in North-West Germany, Leer	
- Protestant Lutheran Regional Church of Schaumburg-Lippe, Stadthagen	
- Protestant Lutheran Church in Oldenburg	
Workers' Welfare Association, Hanover, Braunschweig and Weser-Ems	29.3.–6.4 / 26.11.-3.1.
January *German Red Cross,* Lower Saxony and Oldenburg	17.3.–28.3./ 24.9.–3.10.
German Mothers' Convalescence Fund	5.5. –14.5.
German Parity Welfare Association, Lower Saxony	11.6.–19.6. / 26.10.–2.11.

Apart from a winter break between 13 December and 2 February, the collection dates are strictly allocated and, apart from the LIGA associations, only the German Environmental Aid Association (Deutsche Umwelthilfe e.V.), the Lower Saxony Animal Welfare Organisation, the Mothers' Convalescence Fund, the Committee for the Blind, the German War Graves Commission (Volksbund Deutsche Kriegsgräberfürsorge) and the

Scouts as well as the two major churches themselves, the Seventh-day Adventists and the Catholic Workers' Movement are permitted to collect during precisely defined periods. The Salvation Army and railway station missions may collect in between these periods, provided no one else is collecting at the time – in July and September respectively.

The money raised during these 'spring and autumn collections' contributes to funding at all levels. In the case of Caritas collections, '40 per cent of the proceeds remain in the parish communities, 40 per cent are transferred to the local Caritas association and 20 per cent to the diocesan Caritas association'.[53] The situation is similar at the Diakonisches Werk: '70 per cent of donations remain directly to support local diaconal work. 30 per cent of donations are used by the Diakonisches Werk Bayern to fund projects throughout Bavaria.'[54]

Even though specific figures are not usually quoted, their importance is emphasised: "From the proceeds of door-to-door and street collections after 1945, independent welfare organisations financed a wide range of measures which only later became generally recognised tasks. At present [1990], the proceeds (as well as the donations mentioned above) are primarily required for the following priority areas:

- The necessary co-payment required for public funding of institutions,
- Funding of expenditure that is 'ineligible for grants' under public funding schemes,
- funding for which public funding is not granted."[55]

The aforementioned *Diakonisches Werk Baden* raised a considerable sum for the Diakonisches Werk during the fundraising week in its area. The collection totals for the 'Diakonia Baden Offering Week' amounted to 870,278 euros (in 1998), 821,783 euros (in 1999), 759,409 euros (in 2000) at 759,409 euros, (in 2001) at 747,529 euros, and (in 2002) at 729,542 euros.

Although a clear, gradual downward trend is evident in the fundraising figures (a reduction of 140,000 euros, or 16 per cent, over five years), the nationwide projection for 2002 – as with donations and collections – yields a total collection amount for the Diakonisches Werk of around 15 million euros, or 10 million euros if the proceeds from the Diakonisches Werk's spring collection in Bavaria (1.1 million euros) are taken as a basis.[56] As this collection is only one of the two fundraising weeks, the re-

sult for the Diakonia, extrapolated to the full year, is likely to be twice as high, at between 20 and 30 million euros. The result for the Caritas Association is unlikely to be any worse.

For instance, Caritas in the Archdiocese of Bamberg received the sum of 834,602.86 euros in the 2003 spring collection alone.[57] Of this, 100,709 euros came from the church collection on 'Caritas Sunday', 722,730 euros from door-to-door collections involving visits and 'tally sheets', and 11,163 euros from 'anonymous' street collections in pedestrianised areas.

Collections

By their very nature, only the two denominational organisations can carry out this particular form of fundraising. In the churches of both religious communities, the collection bag is passed round the pews on Sundays throughout the year according to negotiated and precisely defined collection schedules – nowadays, a more modern open wicker basket is used so that others can also see what has been put inside.

The *Diakonisches Werk Baden* has published a detailed breakdown of annual income, which, with regard to collections for diaconal work in Germany (i.e. excluding *'Brot für die Welt'*, aid to Eastern Europe and disaster relief), shows which collections generate which amounts (*Overview 31*). The collection for the elderly attracts the greatest generosity, consistently raising around
75,000 euros – presumably because it is predominantly older people who attend church – followed by educational work and the general week of almsgiving. The church's work with migrants (= 'foreigners') receives the least support.

Overview 31: Collection proceeds for diaconal purposes in the Baden Diocesan Association (in euros)

Purpose of the collection	*1998*	*1999*	*2000*	*2001*	*2002*
Diakonia Offering Week	57,864	51,194	54,902	54,993	56,895
Missionary and diaconal services	41,378	40,875	45,901	44,363	52,703
Educational work in schools and care homes	57,212	56,369	51,987	47,554	60,875
Diaconal support for older people	76,548	79,483	78,286	72,050	74,837
Church work with migrants	25,781	24,954	24,163	27,543	27,550
Total	*258,783*	*252,875*	*252,239*	*246,503*	*272,860*

Source: Diakonisches Werk Baden: Annual Report 2001 and Annual Report 2003.

It is worth noting the consistently high total figure of over 250,000 euros. Even though this represents 'only' around eight per cent of the total reve-

nue generated by public donations *and* collections, it is nonetheless a considerable sum, particularly when one considers that only 5 per cent of Protestant church members still attend church regularly and are therefore able to contribute to the collection.

Extrapolating from the donations, the income for the entire Diakonisches Werk amounted (in 2002) to around 5.6 million euros.

As the Caritas Association can rely on the fact that around 16 per cent of Catholic church members still attend church regularly and actually see the 'collection bag', the proceeds from the collection will be at least as high, if not significantly higher.

Fines

Fines are imposed by courts and public prosecutors' offices, which also decide whether the funds are paid into the public purse or used to support charitable projects. For a great many projects and support organisations (particularly those providing outpatient addiction support and outpatient assistance to people in particular social emergencies), fines are cited as a source of funding. "Court fines are an important source of funding here. Of course, you have to present your work to them. Because the judges have pages and pages of addresses and, naturally, established procedures for deciding whether the fines are to be allocated here or there."[58] Accordingly, the *Stiftung Mitarbeit* (funded by the Federal Government) also recommends the following approach to securing fines:

"Charitable organisations can be included free of charge (using the relevant application form) in the register at the local or regional court. The judges passing sentence are free to decide which organisation the convicted persons must pay; as they can only name organisations that they are familiar with, it is advisable to inform criminal judges active in the region directly about one's own work. [ ] Of course it's good, to have personal relationships with judges or public prosecutors."[59]

And, as a note for those who are unaware: "Fines are not donations, so do not issue donation receipts."

Overall figures are not recorded, so no statements can be made about the total volume. However, individual references indicate the scale of the issue. The AWO, for example, writes: "The AWO's services are financed primarily through the following sources: membership fees / donations / public funds / service charges / fines."[60] Fines are not always and

necessarily earmarked for a specific purpose and are therefore of particular interest to organisations. “Of the 18.5 million marks that Bavarian courts and public prosecutors’ offices had ordered to be paid to organisations recognised as charitable in 1989, 700,000 DM went to the Catholic Caritas Association. Only the Verkehrswacht (1.8 million DM) and the Red Cross (1.2 million DM) received larger allocations. It remained unknown how much money went to the numerous smaller church-run organisations, as only the four largest recipients were named.”[61] However, almost two-thirds of local Caritas associations are registered with the relevant courts. For diocesan Caritas associations, the figure is still 53 per cent.[62]

II.5. ‘Cost-effective’ staff

In a treatise on ‘The Money of Independent Charitable Organisations’, a section entitled ‘The Financial Sources of Charitable Organisations’ sets out and lists the following: 1. Service fees, 2. Donors’ money, 3. Staff contributions, and 4. State funding. The section on ‘Staff contributions’ covers not only volunteers but also full-time staff – what is known in business administration as ‘human capital’:

‘Like any other job, it requires remuneration commensurate with market rates for the services rendered. However, what the individual contributes beyond what is customary in the market – in terms of idealistic commitment, ethical, social and Christian convictions, and self-sacrificing charity – cannot be remunerated in material terms.’

However, as this rhetoric is rather heavy-handed, the author attempts, in a typical circular argument, to salvage what can be salvaged.

“This is by no means to suggest that every full-time employee of independent welfare organisations displays a greater willingness to serve and make sacrifices than another employee, say, in the civil service. But one expects this all the more from employees of independent welfare organisations, as it forms part of their self-image. Added to this is the fact that, amongst like-minded colleagues, they find an atmosphere that fosters such an attitude.”[63]

It will be discussed in detail later (*Chapter III.1.2.*) that this amounts to wishful thinking, in which an assertion or a desire is mistaken for reality. The fact that the expectation in question actually exists is not called into question here, but the point is that one should not be surprised when the

people, to whom one constantly claims to be 'more humane', then expect the same in return.

II 5.1. Volunteers

The independent welfare organisations never tire of highlighting the large number of volunteers and emphasising the financial savings generated by the many volunteers working in their institutions. According to the latest estimates (*Table 32*), around 2.5 million people work as volunteers for the five largest independent welfare organisations,[64] of whom a good third (36.5 per cent) work for Caritas and Diakonia.

Table 32: Volunteers at independent welfare organisations (estimates)

Workers' Welfare Organisation	(2000)	80,000	
Deutscher Paritätischer	(2000)	1,135,000	
German Red Cross	(2002)	350,000	1,565,000
German Caritas Association	(2000)	500,000	
Diakonisches Werk	(2003)	400,000	900,000
Total			*2,465,000*

However, according to a survey commissioned by the Federal Government[65], around 22 million Germans (or 34 per cent of the population aged 14 and over) engage in voluntary work in their spare time.

It is therefore not a particular characteristic of the welfare organisations – nor of either of the two denominational organisations – which, according to the estimates given above, organise (only) around 11 per cent of volunteers. The Caritas Association has also taken note of this:

'In recent years, some charitable associations and organisations have repeatedly complained about how difficult it has become in a consumer-society, and that the spirit of community has been lost. [But the] vast majority of the population has great p raise and appreciation for the volunteers who, without material reward and benefits in times of need. 79 per cent think it is good that such people exist."[66]

In an online survey conducted by 'Perspektive Deutschland' (*Overview 33*), as many as 60 per cent of 18–59-year-olds state that they are involved in charitable or social work. The largest group does so through sports clubs (37 per cent) and social initiatives (27 per cent). Aid organisations and charitable associations (14 per cent) are not the most popular choices.

An empirical study in North Rhine-Westphalia on voluntary social engagement[67] leads the authors to "the conclusion that the outdated structures of welfare organisations and their increasing bureaucratisation and

economisations have little appeal to those interested in volunteering'. And: 'In the 1970s, the rise of full-time staff began.

It was no longer the 'kind heart' that counted, but specialist knowledge. The professionals spoke with a air of superiority of 'acts of charity'. [...] For the volunteers, the only role left was that of a handyman for the 'little things'. The full-time staff spoke of 'helpers' in a tone that was as neutral as it was cold."[68] To address these issues, some organisations are successfully establishing "volunteer centres" that give individuals greater opportunity to be deployed in line with their own preferences.

Overview 33: Charitable or social engagement

Have never thought about getting involved	12 %	
Have considered it, but not put it into practice	10 %	
Has been involved in the past	15 %	
Intends to get involved	3 %	
Committed on a part-time basis	**60 %**	
namely (multiple answers allowed) at / for:		
Sports club		*37 %*
Social initiative		*27 %*
Church, religious community		*20 %*
Trade union		*16 %*
Aid organisation, charity		*14%*
Political party		*12 %*
Professional association		*9%*
Political initiative		*9%*
Other		*18 %*

Source: Team Perspektive-Deutschland, weighted online data, ages 18–59, in: Perspektive Deutschland, an initiative by McKinsey, stern and t-Online, March 2002, summary report.

Volunteers are, understandably, particularly important to the associations' sense of identity. "The associations of independent welfare organisations in North Rhine-Westphalia are founded on voluntary commitment. [...] The welfare associations , with the help of their many volunteers, make a significant 'contribution of their own', enabling them to provide social services more flexibly and closer to where people live."[69] The Diakonisches Werk and the Caritasverband also see a special Christian rationale and contribution when people work for "God's reward", viewing this as an act of "Christian charity". They are, as it were, "the ideological grease that keeps the organisation running".[70]

If we assume that a volunteer works five hours a week, then these staff members in the independent welfare sector contribute 12.33 million hours of 'volunteered time' per week and, annually – taking into account a two-month 'break' per year – around 549 million hours. Given an annual working time of 1,530 hours[71], this equates to a volume of 358,500 full-

time employees. As the volunteers work across a broad spectrum ranging from simple assistance to skilled tasks, at least the minimum annual wage for 'clinical support staff' in the hospital sector (28,000 euros) should be applied, which means that they contribute a value of 10.04 billion euros. For Diakonia and Caritas, their approximately 900,000 volunteers contribute 200 million working hours per year on the same basis, which equates to a value of 3.67 billion euros.

As these figures are based on a range of estimates – other estimates arrive at only half this figure, at 5.3 billion euros[72] and the German Red Cross assumed only 84 hours[73] per year for its volunteers, rather than the 220 hours per year assumed above – they should not be taken at face value; they nevertheless indicate a remarkable scale.

However, just as casually as the Federal Association of Independent Welfare Organisations appropriates these 'donations of time' as its own 'contribution' and puts it forward – 'Voluntary work saves considerable costs that would otherwise have to be borne by all citizens through taxes or insurance contributions' [74]– so unequivocally must this be refuted.

- In many areas, volunteers provide a (human) service that would otherwise simply *not* be financed through public grants and allocations.
- These financial savings are, first and foremost, realised by the organisations themselves, which do not have to pay for the hours of work carried out. Whether this work is then to be regarded as 'charitable' would be a matter to be clarified in a second step. To take an example: if a building contractor builds a house and, of the thirty workers, only has to pay five, whilst the remaining twenty-five – who, taken together, perform the same amount of work as the five paid workers – are only entitled to an expense allowance, then this is not a 'personal contribution' but simply unpaid labour, for which the client is, however, certainly billed.

This work – for which the term 'voluntary work' has been avoided in recent years, with the official term now being '(voluntary) civic engagement' – must be organised; people must be recruited and, in some cases, trained for their role (e.g. for the telephone counselling service). This organisation and, where necessary, training costs money. 'To support volunteers in their work and to equip them to meet the increasing.demands

on their practical and professional competence, the welfare organisations offer support and further training' [75]– which, however, is largely funded by the state. The federal budget states:

"The expansion of voluntary work and self-help as a complement to the care and services provided by the social safety net is a key social policy objective. Community-based, manageable forms of support characterised by personal attention are to be strengthened. Funding is provided for key measures and organisations aimed at improving the framework conditions for voluntary work and self-help, and at strengthening people's ability and willingness to engage in activities in the voluntary and self-help sectors."[76]

The state governments explain the approach more clearly:

"Grants to welfare organisations (Caritas organisations, Diakonische Werke, Arbeiterwohlfahrt, Deutscher Paritätischer Wohlfahrtsverband, German Red Cross).

1. to independent welfare organisations for the recruitment, training and reimbursement of expenses for volunteers in the social sector 155,000 euros

2. for specialist events and conferences 5,000 euros."[77]

"These funds are made available to the League of Leading Independent Welfare Organisations, which distributes them to the respective implementing organisations in accordance with agreed allocation criteria."[78]

Overview 34: Grants for recruiting volunteers:

Federal **budget** (2002) Funding for central initiatives	1,188,000 euros
Baden-Württemberg: Volunteer educational supervisors for youth recreational activities (2002, Chapter 0465 – Title 684 71.2)	851,300 euros
Volunteering: Special programme 'Youth Work / Schools' (2002, 0465 – 684 72.5)	502,300 euros
Bavaria: Volunteering, community work, voluntary work (2002, 10 July – TGr. 85)	639,100 euros
Berlin: Recruitment, training... of volunteers (09 30 – 684 06)	140,600 euros
Hamburg: Volunteers in youth welfare (2002, 44 40 – 684 11)	2,507,000 euros
Hesse: Civic engagement (2001, 0802 – TGr 72 – 684 72)	165,847 euros
Lower Saxony: Volunteering (05 73 – TGr. 71)	411,000 euros
North Rhine-Westphalia: Training for voluntary work (2001, 15 041 – 684 11)	766,500 euros
Rhineland-Palatinate: Grants for voluntary services (2002, 06 02 – 684 62)	160,000 euros
- Funding to promote voluntary work (2002, 06 02 – 684 05)	468,000 euros
Schleswig-Holstein: Voluntary work, self-help (2002, 10 05 – 62)	664,700 euros
Thuringia: Support for voluntary work (2002, 08 20 – TGr. 81)	2,970,600 euros
Frankfurt am Main: Support for volunteers (2003, PG 18 June)	122,000 euros
Cologne: Civic engagement / self-help (2001, various titles)	513,197 euros
Munich: Civic engagement initiatives (2002, 47 06)	147,500 euros
Total	*12,217,644 euros*

These grants are used for a wide variety of activities (additional funding is provided separately for training and the reimbursement of expenses under the Care Act) and are reported at federal, state and city levels. The diversity of the funding is illustrated by the explanation of the allocation of funds in the Thuringian State Parliament, which names the following recipients:

'[...] firstly, the Bethesda Diaconal Centre in Eisenberg; the Jena Hospice Support Association, including applications approved at its own discretion; the Gotha Hospice Initiative on two occasions; the

Thuringian Hospice Working Group, Meiningen, the State Working Group for Child and Youth Protection in Erfurt, the Jena Telephone Counselling Service, the Meiningen Social Welfare Organisation, Hospice Home Care, TEAM. for a New Life e.V. in Tabarz, the Thuringian State Women's Association, and Crisis Intervention and Emergency Pastoral Care in the Rhön/Werra region."[79]

Even this incomplete list of grants amounts to 12.22 million euros. A figure of around 15 to 20 million euros in state grants for the recruitment, training and deployment of volunteers can be taken as a minimum estimate.

II.5.2. Civil service volunteers

We shall now focus solely on the financial significance of those performing community service for the welfare organisations. To this end, we shall first clarify what a community service worker 'costs', then determine what the organisation is reimbursed by the Federal Government, next, how many community service workers there are within the organisations, and finally, what this means in financial terms.

- How much does a person performing civilian service cost?

A 'civilian service worker' receives a stipend of 2,477.10 euros, plus additional fixed allowances for meals, work clothing, a Christmas bonus and a severance payment totalling 3,376.80 euros, making a total of 5,853.90 euros. If the person performing community service does not live locally, their accommodation must also be funded, as well as travel costs to take up their post, totalling around 2,100 euros. The costs to be expected therefore range from 5,853.90 to 8,153.90 euros. The Federal Government pays a daily allowance of 6.22 euros and a portion of the Christmas bonus, totalling 2,349.17 euros.

The organisation running the community service centre must finance the difference between the costs and the reimbursements itself: an amount ranging from 3,504.73 to 5,804.73 euros. Calculated over the ten months of service, the person performing community service therefore actually costs their agency – in the worst-case scenario – 580 euros per month.[80]

If one assumes for the work of a person performing civilian service, then the average annual staff costs would be 35,000 euros per year, this amounts to 2,917 euros per month that would actually have to be paid for this work. As the organising body incurs (at most) 580 euros in non-reimbursed costs, the agency therefore saves 2,337 euros a month in staff costs for each person performing civilian service.

Overview 35: How much does a person performing civilian service cost?

During the 10 months of their service, the 'civilian service worker' receives the following pay:

- Months 1–3 of service	€222.30 per month × 3	€	666.90	
- 4th–6th month of service	€245.40 per month × 3	€	736.20	
- 7th–10th month of service	€268.50 per month × 4	€	1,074.00	€2,477.10

The following fixed costs are to be calculated:

· Monthly meals	€216.00 × 10 = €2,160.00		
· Workwear per month: €35.40 × 10 = €354.00			
· Christmas bonus, one-off	Euro	172.56	
· Severance pay, one-off payment	Euro	690.24	€3,376.80
			€5,853.90

The following would also need to be calculated – if the person performing community service does not live locally:

· Accommodation, approx. 200.00 euros per month x 10	€2,000.00	
· Travel costs for starting and finishing service	approx. Euro 100.00	€2,100.00
· Total		€8,153.90

In addition to travel allowances for journeys home to visit family and mobility allowances for those performing community service, the Federal Government pays the following to the community service agency:

· a lump sum of 6.22 euros per calendar day, for 300 days	€1,866.00
· a portion of the severance pay amounting to	€ 483.17
· In total	€2,349.17

Although 'labour market neutrality' is required for the recognition of community service placements – 'Community service placements may only be recognised where it can be demonstrated that they do not replace an existing job or prevent the creation of a new one' – this is not always adhered to in practice, and: 'The remaining costs of civilian service are predominantly refinanced by the agencies through service fees which they receive for the services they provide – with the help of those performing civilian service.'[81] Which means: in individual cases, one can recoup a tidy sum through one's civilian service worker. (This follows the same logic as in the case of nuns, whose work as nurses is fully funded, but who themselves receive only board, lodging and a little pocket money from the mother house.)

- How many people performing civilian service work for welfare organisations?

  Figures from the Federal Office for Civilian Service show that, on an annual average across all twelve months of 2003, there were 162,869 civil-

ian service places in Germany, of which 93,460 (= 57.4 per cent) were actually filled. The detailed monthly statistics for December 2003 correspond almost exactly to this annual average: of 159,067 civil service places, 91,033 (= 57.2%) were filled. A calculation based on the available places and the percentage of occupancy shows that the independent welfare organisations had 62,032 filled places, which is just over two-thirds (= 68.1%) of all filled civilian service places.

Overview 36: Civil service places by umbrella organisations, December 2003

Umbrella organisation	*Number of places*	*Places filled*	*% of BAGFW*
Workers' Welfare Organisation	8,266	4,728	7.6%
German Caritas Association	26,394	15,097	24.3%
German Red Cross	15,077	8,624	13.9%
German Paritätischer	29,387	16,809	27.1%
Diakonisches Werk	29,273	16,744	27.0%
Central Jewish Welfare Organisation	52	30	0.1%
Subtotal BAGFW	*108,449*	*62,032*	*100 %*
German Hospital Association	10,906		
German Sports Federation	454		
Total	*159,067*	*91,033*	

Source: Federal Office for Civilian Service: ZDP statistics, as at 15 December 2003, Table 9.

On the one hand, the independent welfare organisations have to spend a maximum of around 360 million euros a year on employing those performing civilian service (5,804 euros × 62,032 civilian service personnel), on the other hand, the 62,032 'civil service workers' employed by independent welfare organisations represent a saving for the organisations (2,337 euros × 62,032) of around 145 million euros (144,969,000) in staff costs per month, which amounts to around 1.74 billion euros (1,739,625,000) per year – the amount they would have to pay for the same workforce if they were not civilian service personnel. The two denominational associations employ around 31,800 men, accounting for half (51.3 per cent) of those performing civilian service within the Federal Working Group and a good third (35.0 per cent) of all 'civilian service workers'. Accordingly, they saved around 892 million euros in staff costs in 2003. Not every civilian service worker can be reimbursed – but there are enough placement sites where the civilian service worker carries out full-time work as a care worker for the elderly, a driver, etc., which is reimbursed at the standard rates. So if just one third of the work carried out by those performing civilian service is fully reimbursed at standard rates, Caritas and Diakonia generate around 300 million euros in revenue. This also explains why the organisations stand to lose, as a result of the planned abolition of compulsory military service – and thus also the abolition of civilian service – from 2008 onwards, they 'try to make the best of it' by 'encouraging' the expansion of other forms of social service.

II.5.3. Voluntary Social Year

With regard to the planned abolition of military service and, consequently, of civilian service, a transition to other forms of civilian service was established in July 2002 with the 'Revised Act on the Promotion of a Voluntary Social Year' (FSJ)[82] (and, correspondingly, the Voluntary Ecological Year). Since then, conscientious objectors have been able to carry out their civilian service ('social soldiers') as a Voluntary Social or Ecological Year, including with recognised organisations in the fields of sport, culture, heritage conservation and abroad.

The costs incurred by organisations in relation to those undertaking the FSJ are reimbursed by the Federal Office for Civilian Service.[83] Voluntary participants in the FSJ / FÖJ receive a pocket money allowance, are provided with educational support, are covered by social insurance and (continue to) receive child benefit. The organisations authorised to run the FSJ are the associations of the Federal Association of Independent Welfare Organisations, religious communities with the status of a body governed by public law, and local authorities. The state authority may authorise further organisations.

The predecessor to the Voluntary Social Year was the Diaconal Year, established in 1954, in which young women were called upon to 'dedicate a year of their lives to the Diakonia'.[84] This was the appeal made by Hermann Dietzfelbinger, then Rector of the Diakonia Neuendettelsau, regarding the Diaconal Year:

'Normally, a young girl seeks training and affirmation in housekeeping, cooking and sewing. These tasks also await you; for they involve everything that serves people. But during this Diaconal Year, you will be offered another form of training that is even more important for your whole life: you will be trained in serving, praying, suffering and sharing the burden!'[85]

Other organisations – both Catholic and non-denominational – adopted the concept, and a structure emerged which was enshrined in a federal law in 1964.

Funding is regulated in accordance with German standards, i.e. it is provided from tax revenue, as "civic engagement and its funding are a societal responsibility".[86] And: "Since 1990, structures for a Voluntary Social Year (FSJ) or a Diaconal Year have been established in the new federal states with substantial grants from the federal government's Children

and Youth Plan,"[87] i.e. association officials and offices have been made possible through grants funded by taxpayers' money. Overall, the FSJ is currently understood as a career-preparatory orientation phase, as 'educational year' – also aimed at alleviating youth unemployment – and is funded through placement allowances from the host organisations, with state and provider grants, as well as – in the case of compulsory educational support – through funds from the Children and Youth Plan (KJP) provided by the relevant federal ministry:

Overview 37: Federal and state grants to organisations for the FSJ

Federal Government: Under the umbrella term 'social education', the following amounts were allocated in the federal budget (2002): 12,039,000 euros for the FSJ, 4,056,000 euros for the FÖJ and 460,000 for social engagement (17 02 – 684 11.4)	Total: 16,555,000 euros
Baden-Württemberg funds "the induction and ongoing support of volunteers on the Voluntary Social Year programme, as well as the organisation of the schemes" (in 2002) with	1,836,000 euros
Bavaria paid (in 2001) (including 1.4 million for investments)	2,113,000 euros
North Rhine-Westphalia provided (in 2002)	716,000 euros
Rhineland-Palatinate paid approximately	69,600 euros
Saarland made available (in 2002) for a pilot youth voluntary service programme	46,000 euros
Schleswig-Holstein (2002) grants to social institutions for the FSJ	1,086,500 euros
Thuringia (2002) grants to FSJ organisers	305,500 euros
Total	*22,727,600 euros*

The costs for a volunteer placement 'range from approximately 630 to 1,230 euros per month.'[88] The average is around 700 euros per month. However, no one knows the exact figure, not even the specialists on the 'Impulse for Civil Society' commission, as structured individual data is lacking. Some key figures are known, however.

- Organisations running the Voluntary Ecological Year 'generally require 100 per cent funding from public sources.
- The FSJ organisations finance their programmes predominantly from their own resources [which, however, also include the reimbursement of the volunteers' activities by social security providers, C.F.], and
- FSJ organisations that do not provide services eligible for reimbursement are increasingly reliant on financial contributions from third parties (private donations, foundations) or from the volunteers themselves."
- The Federal Government pays 72 euros per post for educational support for the Voluntary Social Year and 153 euros for the Voluntary Ecological Year. (The relevant federal ministry was unable to provide a justification for these differing rates. The federal grant – around 10 per cent of the costs – covers generate additional income for the

organising body. With a 'supervision ratio' of forty volunteers to one supervisory post, this means the organising body receives 3,160 euros per month for supervision, which does not necessarily have to 'cost' that much.)

- The organising body must pay social security contributions for the volunteer(s), as well as fund three training seminars (totalling 25 days) and cover its own operational and administrative costs, although these are partially reimbursed through state grants.

Although Berlin does not provide any grants for the Voluntary Social Year, it does fund 'grants to independent welfare organisations for socio-educational trainees' (this is the same as vocational preparation and covers the same areas of work as the Voluntary Social Year) to the tune of 5.26 million euros.[89] Berlin has thus already phased out civilian service, as described by the civilian service officer at the Diakonisches Werk: "'And we now have the first institutions that are phasing out the civilian service system.' For example, in a hospital in Fulda, it is no longer civilian service workers but trainees who are pushing beds down the corridors."[90]

As regulations vary across the federal states, the general funding arrangement is roughly as follows,[91]with around 17 per cent subsidised by the federal and state governments and around 83 per cent to be paid by the organising body.

Overview 38: Funding for the Voluntary Social Year

Federal funding from the Children and Youth Plan	9.6%
State funding	7.0%
Other funding	0.5%
Own funds, refinancing from social security institutions	82.9%

Of the approximately 16,500 volunteer positions, 3,000 are held by those performing community service, leaving around 13,500 'genuine' volunteers. As these are fully-fledged semi-skilled roles following a short induction period, at least the staff costs for 'clinical support staff' in the non-profit hospital sector should be considered (28,041 euros). Each volunteer incurs costs of around 580 euros per month for their organisation, i.e. around 6,960 euros per year. The volunteer therefore generates savings of around 21,081 euros per year, which, with 13,500 volunteers, amounts to savings of no less than 285 million euros. As the vast majority of volunteers have so far been deployed in the voluntary sector, these benefits and, where applicable, the refinancing equivalent to a full-time post are largely attributable to them.

When comparing civilian service with voluntary service, civilian service is more cost-effective for the sponsoring organisation than the Voluntary Social Year, as the federal government covers, amongst other things, the civilian service volunteer's social insurance and reimburses around 70 per cent (187 euros) of the pay / meals (an average of 273 euros per month), whilst the organisation is not reimbursed for the volunteer's pocket money (175 euros) and must pay their social insurance contributions.

Following the amendment to the *Act on the Promotion of the Voluntary Social Year* – regarding the possibility of spending this voluntary year abroad – an astonishing variety and number of organisations have gained the opportunity to employ funded staff (supported by federal and EU funds). Of particular note here is the *Arbeitsgemeinschaft Evangelikaler Missionen e.V.* (AEM), which applied 'on behalf of the AEM to the Ministry of Social Affairs of Baden-Württemberg for accreditation to organise the FSJ abroad and, later, also within Germany' and received this accreditation.[92] This has created the opportunity for the 79 [!] mission societies affiliated with the AEM to carry out missionary work abroad with the support of the European Union.

One of the leading Protestant mission organisations in Germany (and a member of the AEM) is, incidentally, the Christoffel Mission for the Blind, a member and specialist association of the Diakonisches Werk.

II.5.4. Job Creation Scheme workers

The 'low-cost' workforce of the welfare organisations also includes staff employed through job-creation schemes run by *the Federal Employment Agency*. For the welfare organisations, this amounts (as of January 2001) to at least 5,581 staff across all organisations.

The average funding for a scheme amounted (in 2001) to DM 2,900 (= 1,482 euros) per month (= 75 per cent of the wage as a subsidy from the employment office) and was effectively increased to 100 per cent through co-funding from social welfare authorities and other state institutions, meaning that around 3,800 marks (= 1,940 euros) were spent on each scheme.[93] This results in job creation scheme payments (2001) to charitable organisations amounting to around 10.8 million euros per month and around 130 million euros per year. Caritasverband and Diakonisches Werk are likely – given their two-thirds market share – to have benefited from around 3,700 employees, which should have afforded them an advantage of around 86 million euros a year.

Some of the other organisations are also likely to be members of one of the welfare organisations. If just one-third of the 'association, private initiative, foundation' category was attributed to the welfare organisations, this would amount to a total of 600 million euros.

Overview 39: Employees in job-creation schemes by organising body

Organising body	*Total 2001*	*West*	*East*	*Total 2003*	*West*	*East*
Town or municipality	34,450	10,781	23,579	13,180	3,321	9,859
District	4,018	1,351	2,667	1,728	767	961
State and administrative district	2,239	1,213	1,026	958	218	740
Federal authority	139	41	98	281	11	270
Church	4,753	1,585	3,168	2,197	588	1,609
University	642	364	278	180	85	95
Other public-law bodies	3,303	1,515	1,788	1,511	427	1,084
Association, initiative, foundation	62,210	18,780	43,430	29,868	6,029	23,839
Charity	5,581	2,025	3,556	2,344	1,022	1,322
Charitable organisations	14,257	9,173	5,084	9,161	3,223	5,938
Charitable co-operative	544	81	463	668	41	627
ABS companies	32,734	1,708	31,026	18,746	307	18,439
Non-profit private organisations	4,011	2,696	1,315	2,044	1,359	685
Privatised companies	1,315	192	1,123	1,018	51	967
Trust companies	233	40	193	36	2	34
Association without charitable purposes	883	171	712	788	81	707
Other commercial enterprises	9,925	2,343	7,582	7,513	874	6,639
Total	181,237	54,149	127,088	92,293	18,414	73,897

Source: Federal Employment Agency, Division IIIa4, Job Creation Schemes, Table 9, reporting month: January 2001 and December 2003 respectively.

In 2003, the total number of people employed under job-creation schemes halved. Among charitable organisations, the figure fell from 5,581 (= 3.1 per cent) to 2,344 (= 2.5 per cent), meaning that charitable organisations are of only marginal significance for job-creation schemes.

In 2003 (in Hamburg), funding was provided on the basis of flat-rate amounts (900 euros, 1,100 euros, 1,200 euros, 1,300 euros), with an average – as the majority of staff were unskilled workers on the lowest flat rate – of around 1,000 euros. The relevant specialist authority adds 25 per cent to this, resulting in average funding of 1,250 euros per month, or around 15,000 euros per year.

Based on the at least 2,344 people clearly employed by welfare organisations in job-creation scheme posts, this amounts (in 2003) to a total of state of (now only) 35.16 million euros in state payments to the welfare organisations.

II.5.5. 'One-euro jobs'

All these structures could be transformed by the so-called 'one-euro jobs'. However, at the time of writing, potential developments were only just beginning to emerge.

As part of the merger of unemployment benefit and social assistance, recipients of what is known as *Unemployment Benefit II* (ALG II) will in future be obliged to accept community service work for an additional one or two euros per hour. The federal government finances the total costs (including administrative costs) via the Federal Employment Agency. Even though the regulations stipulate that these jobs must not be used to fill 'normal' vacancies, it remains to be seen in practice whether this will not, after all, give rise to an official low-wage sector that has not previously existed in Germany.

In principle, these jobs are nothing new, as local authorities have been arranging 'work opportunities in return for an additional expense allowance' for years. What is 'new' about this includes, amongst other things, funding from the federal government, the compulsion – or rather the reduction or withdrawal of ALG II benefits – should a person refuse such employment, and the intention to get several hundred thousand people into work and off the unemployment figures. The figures targeted by the federal government (50,000 jobs in 2004 and 600,000 to 850,000 in 2005, for the creation of which 6.35 billion euros has been allocated) are regarded as unrealistic. The German Association of Towns and Municipalities considers 100,000 one-euro jobs to be a realistic figure.

Charitable organisations – in particular the Caritas Association – have welcomed the creation of such employment opportunities, have shown widespread interest and insist only that they wish to select the employees themselves. Within the Diakonisches Werk, however, there are regional associations that oppose the scheme (e.g. Hamburg and Mecklenburg-Western Pomerania), which assume that the unemployed people they support are motivated and willing to work, and that work must also be adequately paid.

In October 2004, the first redundancies of permanent cleaning staff at the end of the year took place in denominational hospitals. At the start of 2005, there were initial reports that individual Caritas branches were setting up employment agencies whose one-euro jobs would be deployed by local authorities for gardening work, thereby displacing other tradespeople.

Whilst Caritas and church newspapers report on the positive reception of such jobs amongst the long-term unemployed ("At last, we're allowed to work again!"), tradespeople and service providers fear being squeezed out by these jobs. Furthermore, the Federal Employment Agency is accused of being plagued by "statistical chaos" and a "placement disaster".

The first 'cases of abuse' have now come to light, in which regular jobs were filled. On 4 May 2005, for example, a declaratory action was accepted by the Weiden Labour Court. The claimant is an unemployed person who was employed by the Maltese Order as a 'one-euro jobber' to carry out regularly invoiced commercial transport services for the sick and disabled.

II.6. Membership fees

For all charitable organisations, membership fees are an important source of income and clearly constitute 'own funds'. The DZI estimated the revenue from the organisations' membership fees (1996) at around 250 million euros[94]– a sum whose exact figure, however, cannot be verified.

The *Workers' Welfare Association (AWO)* has 600,000 members nationwide and generates around 14,340,000 euros in membership fees.[95] In other words, each AWO member pays – on a per capita basis – around 24 euros in membership fees per year. (Although each AWO member pays a minimum monthly fee of 2.50 euros – i.e. 30 euros per year – families together pay only 40 euros to their local branch.)

The *Diakonisches Werk der Evangelischen Kirche in Deutschland e.V.* in Stuttgart has no individual members, as the e.V., being a federal association, has only 123 members (24 regional diaconal associations, 9 free churches, the EKD and around 90 specialist associations). The member organisations pay contributions, the amount of which is, however, disclosed only to the members and which, according to the standard response, 'is not available to the public'.

However, the *Diakonisches Werk Baden* reports 'membership contributions' totalling 445,447.57 euros for 2002.[96] Based on the aforementioned 'contribution allocation formula within the EKD' for Baden of 4.86 per cent, an extrapolation for the whole of Germany yields total membership contributions within the regional diaconal associations in the regional branches of 9.166 million euros. It could not be ascertained whether this figure is in fact representative.

Similarly, within *the German Caritas Association* (*Deutscher Caritasverband e.V.*), which is the federal headquarters in Freiburg, only the 27 diocesan associations, the 18 specialist associations and the motherhouses of religious orders are corporate members.[97] As such, they pay membership contributions towards the work of the headquarters.[98] For 1998 (converted) 1,263,697 euros (of which 1,209,324 euros came from the DiCV and 54,373 euros from motherhouses) and, for 2001, a total of 1,574,101 euros (of which 1,523,301 euros came from the DiCV and 50,900 euros from motherhouses).

Below the national headquarters, the DCV has individual and corporate members. A total of 624,600 people are listed as individual members (1997). Approximately 199,300 are direct members of a (local or regional) *Caritas association*, approximately 271,300 are members of at least one *specialist association*, and 154,000 people are members of the DCV via a *charitable organisation*.[99]

Digression VI: Membership fees of Caritas and Diakonia

At this point, a (theoretical) consideration should be presented which leads to a surprising conclusion for Diakonia and Caritas.

If one accepts (firstly) the view that every citizen who is baptised as a Christian thereby becomes a member of the established church and – upon baptism – is liable to pay church tax[100] and recognises (secondly) that the Caritas association and the Diakonisches Werk are 'essential components' or 'sub-sectors' of the churches that levy church tax, then every member of the established 'Church A' is also automatically a member of the charitable 'Church B', and a portion of the church tax must therefore be regarded as a membership fee for the Caritas Association / the Diakonisches Werk. These membership contributions should be made available to the two organisations in full as their own funds, for unrestricted use, as they *do not* constitute 'church grants'.

Both the existing 'key allocations' from the regional churches to their Diakonische Werke and from the (arch)dioceses to their Caritas associations, as well as the 'earmarked allocations', are in this sense – although they are reported as such – not own funds, as the Diakonische Werke and Caritas have only an indirect influence on their amount and have no means of positively affecting the amount through their own activities and fundraising (such as lotteries or donations) to positively influence the amount.

Based on the – comparatively low average – contributions of members of the Workers' Welfare Organisation (Arbeiterwohlfahrt) of 24 euros per year, both the Caritas Association and the Diakonisches Werk could expect contribution income from their respective 26 million 'members' amounting to around 624 million euros each. From this perspective, they would therefore have a total of 1.25 billion euros at their disposal as own *funds* from this contribution income – which is collected automatically and cost-effectively as part of church tax.

II.7. Privileges

Among the aspects of the direct funding of welfare organisations are also the privileges they enjoy over private-sector businesses operating in the same field. It is not only the subsidisation in the form of tax relief on donations, based on the organisations being regarded as 'charitable, non-profit or church-affiliated', or the investment grants granted to the organisations on the basis of their 'non-profit' status (*see Chapter V.3. Investments*). Diakonia and Caritas enjoy further special privileges, as they – like the churches themselves – are tax-exempt provided they do not exceed certain turnover thresholds or engage in 'commercial' activities.

However, the outlook is not good: "Within the EU context, there is still no planning certainty regarding the possibilities for social service providers to continue receiving state benefits (investment cost subsidies, tax advantages due to charitable status, tax relief on donations)." [101]

II.8. Income from assets

It is likely undisputed that all organisations also generate income from assets; one need only look at their annual reports to see this. However, the scale of this income should be addressed in the context of the question of the assets held by welfare organisations. (*See Chapter V.4. Fixed and capital assets*)

II.9. Central support services

Although the following aspects do not form part of the direct funding of welfare organisations, they are to be regarded as direct monetary benefits through the advantages they confer or the savings they generate.

II:9.1.Framework Agreements

Like many other large commercial enterprises, the organisations – owing to their large workforce – are aware of their 'market power' and secure favourable framework agreements for their members. "The price advantages that can be achieved in this way benefit the many small and large organisations alike. [...] They are intended to highlight potential savings and provide guidance on purchasing decisions."[102]

Furthermore, the principle of 'parity' applies: terms negotiated by one organisation also apply to its ecumenical competitors. In other words, what is good for Caritas is also available to the Diakonia. These benefits relate to the following *areas/companies*:

- *Communication, information*: *arcor / o.tel.o* (landline telecommunications connections at favourable rates), *T-Mobile, D1* (discounts on handsets, favourable tariffs) and *Vodafone D2* (discounts on handsets, more favourable tariffs).
- *Mobility, motoring, travel*: *Ford*, *Peugeot* and *Volkswagen* (discounts on new vehicles when purchasing, leasing or financing company cars and privately owned vehicles used for business purposes), *Europcar* (favourable hire terms, cars up to the top price category and lorries), *Aral / Shell* (discounts on diesel fuel and own-brand lubricants when using the *Aral Card* and the *EuroShell Card* at Aral, BP, Esso and DEA petrol stations), *TQ³ Travel Solutions* (a subsidiary of TUI Business Travel), *CWT Carlson Wagonlit Travel* and *DER Deutsches Reisebüro* offer support from a dedicated in-house team, a nationwide helpline at local call rates, and much more.
- *Energy*: *Stadtwerke Hannover AG* ensures the most cost-effective electricity supply, and customers can opt for a supply of renewable energy.
- *Hotels*: *ACHAT Hotels* offer accommodation at favourable rates.

And something many travellers would appreciate: "The Catholic Church and Caritas have jointly concluded a framework agreement with Deutsche Bahn through the Association of German Dioceses. This agreement is based on the total turnover of all travellers from these affiliated institutions. It currently offers a discount of 8.5 per cent. It is therefore important to quote the DCV customer number – 63 00 127 – whenever booking with Deutsche Bahn via travel agencies."[103]

II.9.2. Bonus cards

However, it is not only the institutions and their sponsoring organisations that receive benefits, but also the staff, because: "The volunteers and full-time staff of the Church, Diakonia and Caritas perform an important service for the good of our society. We are happy to thank you for this. In addition, as a tangible token of appreciation for your valuable commitment, we offer you a bonus card with many benefits: with the exclusive *Di-Ca-rd*, you receive discounts and special offers on shopping, insurance, travel, leisure and much more."[104]

This bonus card (*Diakonia-Caritas Card*) is an initiative of the insurance company HuK-Coburg (which also, for example, funds the *'innovatio'* prize for projects run by Caritas and Diakonia). *DER travel agencies* offer a 3 per cent discount, the *Schwab mail-order company* 7 per cent, *pilgrimage and study tours* 3.5 per cent, *Akzent Hotels* and member hotels of *the Association of Christian Hotels* 10 per cent, leisure parks offer reductions, and there is also a 15 per cent discount on an annual subscription to **chrismon plus** or the **Rheinischer Merkur**.

II.10. Summary of funding

Excluding income from membership fees, foundations, assets and the organisations' own special-purpose operations (see *Overview 40*), the welfare organisations receive €74.7 million in grants from tax revenue for general organisational work (Item 1), €187.5 million in earmarked state lottery and casino levies (Items 2 + 3), €75.6 million in general financial assistance (Items 4 + 5) and €77.2 million for Diakonia and Caritas from donations, church collections and public fundraising (Item 6). Only items (2–5) – which are to be regarded as *own funds* – amount to around 276 million euros, of which the two denominational associations together are likely to receive at least 2/5 (= 110 million euros) up to 2/3 (= 184 million euros). These revenues (as explained in *Chapter II.4.2.*, pp. 56ff. and in *Excursus VI*) have so far not been subject, in part, to democratic state-level scrutiny of how the funds are used.

Together with the donations, collections and fundraising proceeds they receive (77.2 million), the 'central' own-resource income for Caritas *and* Diakonia alone amounts to a total ranging from 180 million euros to 250 million euros.

Overview 40: General funding of welfare organisations within the BAGFW

1. State grants for general association work			
Federal grants (2003)		18,500,000	
- from the federal states (2002/2003)		45,104,000	
- from districts (2002)	approx.	8,300,000	
- Cologne, Munich, Frankfurt am Main		2,749,000	*74,653,000 euros*
2. Earmarked grants from	(charity) lotteries		
Aktion Mensch (2003)		104,000,000	
Die goldene 1 (2002)		38,532,000	
GlücksSpirale (2000)		33,520,000	
Glückspilz (2002)		1,700,000	*177,752,000 euros*
3. Earmarked grants from (state) foundations			
NRW Welfare Foundation (2003) Berlin German		25,565,000	
Class Lottery Foundation		(unspecified)	*25,565,000 euros*
4. General grants from (state) lotteries / casino proceeds			
Hesse (2002)		5,099,000	
Lower Saxony (2002)		21,620,000	
North Rhine-Westphalia / West-Lotto (1998)		22,700,000	
Schleswig-Holstein (2001)		2,867,300	
Thuringia (2002)		4,780,000	*57,066,300 euros*
5. Charity stamps			
Charity stamps (2002)		17,000,000	
Special 'Flood' postage stamps		1,500,000	*18,500,000 euros*
6. Donations / collections / fundraising / fines	Donations (at		
regional level: DCV and DW) approx.		6,000,000	
Collections (Caritas & Diakonia only)	approx.	11,200,000	
Fundraising campaigns (Caritas & Diakonia only)	approx.	60,000,000	
Fines		N/A	*77,200,000 euros*
in total			439,706,300 euros

In addition to this direct revenue, the independent welfare organisations receive further state grants and – with substantial state support – achieve considerable savings on their own costs, whilst generating additional revenue through the partly irregular re-financing of their 'low-cost staff' (civil service volunteers, FSJ or ABM) as full-time employees. The scale of these 'savings' ranges from 7 to 12 billion euros, whilst the state expenditure amounts to at least 224 million euros in grants (*Overview 41*). It was not possible to make a substantiated estimate of the scale of the 'grey area' of irregular refinancing.

Table 41: Cost savings by welfare organisations (2002/2003)

by	*in the region of: / with government support of:*	
· Volunteers	5.3 to 10.0 billion euros	20 million euros
· Civil service volunteers	1.74 billion euros	146 million euros
· Voluntary social year	285 million euros	23 million euros
· Job creation schemes		35 million euros
Total	*7.33 to 12.03 billion euros*	*224 million euros*

III. Diakonia and Caritas

III.1. The distinctive feature of denominational organisations

As a general rule: 'With *Caritas* and *Diakonia* as constitutionally established and federated forms of charitable support for those in needs, the churches in Germany reach out like nowhere else into the dominant functional systems of society."[105] According to established case law, the two denominational organisations, as institutions and charitable works of both the Protestant and Catholic Churches, enjoy the special protection of the Basic Law. Article 140 of the Basic Law grants the churches the right (adopted from Article 137(3) of the Weimar Constitution) to organise and administer 'their own affairs independently within the framework of the law applicable to all'. It was then inferred from this and explicitly stipulated – going beyond the general protection of political views – in the *Co-determination Act*, *the Works Constitution Act* and also the *Federal Staff Representation Act*, that these laws do not apply in church institutions. The wording is identical: 'This Act shall not apply to religious communities and their charitable and educational institutions, irrespective of their legal form.'[106] Accordingly, the self-descriptions of both organisations state in unison: 'Caritas is the welfare organisation of the Catholic Church in Germany',[107] and: 'Diakonia is the social work of the Protestant churches.'[108]

However, if one traces the historical origins of this key formulation, it becomes apparent that the churches have turned this provision on its head. Article 140 of the Basic Law (GG), which incorporates Article 137(3) of the Weimar Constitution (WRV), dates back to 1848:

'The resolutions of the Frankfurt Pre-Parliament in early April [1848] had shown that the political reorganisation within the framework of a Reich Constitution would have an impact on the legal structure of the regional churches: the article concerning the 'fundamental rights and demands of the German people' contained, namely, the recommendation that all citizens should enjoy equal political rights 'without distinction as to religious creed – and the independence of the church from the state', which Section VI, Article V, § 147 of the Frankfurt Imperial Constitution a year later (28 March), stipulating that every religious community should organise and administer its own affairs independently."[109]

That this privileged right and the duty of self-administration also simultaneously constituted the definitive separation not only from state influence.

The fact that this involves not only voluntary participation but also state support and financial assistance was then somehow overlooked.

The Church's 'right to self-determination'

The statutory provisions (or rather, their interpretations to date) grant the churches an exclusive right, as only they themselves determine what constitutes 'charitable' work in their view.

The following question, for example, was clarified in law: Is a housing and estate development company (GmbH), whose shareholders are the Berliner Erzbischöfliche Vermögensverwaltungsgesellschaft mbH (a wholly-owned subsidiary of the Archdiocese of Berlin) and the Caritasverband Berlin e.V., a charitable organisation? The issue to be clarified was whether the Works Constitution Act applied to the housing construction company in relation to the election of a works council. The Federal Labour Court ruled that this power of definition lies exclusively at the discretion of the Church:

'The term "charitable organisation" in Section 118(2) of the Works Constitution Act (BetrVG) must be determined in accordance with the Church's own understanding. This follows from the right to self-government guaranteed to the churches by Article 140 of the Basic Law in conjunction with Section 137(3) of the Weimar Constitution. This also encompasses the Church's authority to decide for itself by what means and through which organisations it wishes to carry out and fulfil its mission in this world. *The assessment of whether an activity constitutes 'charity' is therefore the sole responsibility of the Church*. Any directive from state bodies as to which type of church activity is charitable would constitute an impermissible interference with the Church's constitutionally guaranteed right to self-government."[110]

As denominational institutions, the charitable organisations are also – just like the churches themselves – exempt from taxes and charges in Germany in accordance with Sections 51 to 68 of the German Fiscal Code (*directly charitable, benevolent or ecclesiastical purposes*).

In this context, the churches regularly refer in their accounts of the use of church tax to the charitable services (allegedly) financed by it – including hospitals, care homes for the elderly and nurseries – thereby giving the unspoken but unmistakably clear impression that they finance these institutions from church tax.

The associations, too, sometimes boast of their own noble achievements, which sound hollow only to the informed observer:[111]

'The list of facilities run by Caritas is virtually endless: care homes, day centres and workshops for people with disabilities, social services centres, special schools for resettled migrants, nurseries and after-school clubs, parenting advice centres, convalescent homes for mothers, family holiday centres, self-help groups for addiction-social education services for foreign parents, debt counselling centres, as well as hospitals, care homes for the elderly – and much more."

Such descriptions, which always refer to the formal sponsoring body but remain silent on the issue of funding, nevertheless continue to have political implications. In autumn 2003, the Members of Parliament and the FDP parliamentary group in the German Bundestag tabled a draft bill: *Draft Act on the Introduction of a New Income Tax and the Abolition of Trade Tax*. Section 23 states under 'Unlimited deductibility': 'The following amounts paid in the year of assessment are fully deductible as special expenses [...] 6. Church taxes and comparable contributions to domestic religious communities." And the explanatory memorandum states: "The deductibility of church taxes is in keeping with the German tradition *of promoting the social work of the churches* (previously Section 10(4) of the Income Tax Act 2003), which dates back to the Weimar Constitution."[112]

Self-image of the denominational associations

The two denominational associations occupy a special position amongst the associations of independent welfare organisations, not only on the basis of case law and their dominant size, but also in terms of their self-image. The *Monopoly Commission* appointed by the Federal Government described this distinctive feature very precisely:

"The Diakonia combines actual social work with a church-based mission arising from the practice of charity. In terms of production theory, a combined product is created, the outputs of which – social assistance and religious care – are offered to the recipient and, where appropriate, provided as a single package."[113]

This corresponds almost exactly to what Joachim Wiemeyer, Professor of Christian Social Teaching, describes as one of the advantages of church-based welfare organisations: the integral religious dimension:

"In the case of church-run welfare services, alongside the specific service provided (care, counselling, etc.), there is an additional by-product that relates to the institution's specific value orientation. The facilities run by church-based welfare organisations are used by people facing existential crises (death, suffering and illness, pregnancy-related conflicts, etc.) that involve questions of meaning and values, and where answers are expected to be drawn from the Christian faith. Other institutions (e.g. nurseries) are also sought out for the religious education they provide prior to school."[114]

Similarly, the preamble to the statutes of the Diakonisches Werk states: "The Church has the mission to proclaim God's love for the world in Je-

sus Christ to all people. [...] Since alienation from God is humanity's deepest distress and is directly linked to its salvation and well-being, ‚diaconal work is carried out in word and deed as *a holistic service* to humanity."[115]

Accordingly, the heading of the Diakonisches Werk's relevant statistical information reads: 'The Church's social service. Statistics of the Diakonisches Werk of the EKD.' And a similar statement applies to Caritas:

'On the occasion of Pope John Paul II's visit to the Federal Republic of Germany on 16 November 1980, the following statement regarding Caritas and its function within the Church was included in a document issued by the Secretariat of the German Bishops' Conference:

'Caritas is one of the fundamental functions of the Church. This means that it is an essential form of the Church's self-realisation, just as much as missionary proclamation, the celebration of the liturgy and the structured order of the community of believers. As a sign of God's love, Caritas plays a decisive role in shaping the Church's public image.

The Caritas Association is not an organisation separate from the parishes, but is organically linked to their life. Nor is it merely the umbrella organisation for independent welfare services, but above all an instrument of the Church as servant' (Section 10, pp. 1 and 2)."[116]

This religious background is – according to a representative survey commissioned by the Diakonisches Werk (*Table 42*)[117]– also desired by a majority of both Protestant and Catholic church members (56% 'Yes', 27% 'I don't care', 15% 'No').

Table 42: Visibility of the Christian background in practical support

Visibility ⇓ for: ⇒	Protestant	Catholic	Non-denominational
high	*26 per cent*	*34 %*	*16%*
somewhat	*44%*	*37%*	*35%*
barely	*14%*	*15%*	*18%*
not at all	*3 %*	*2%*	*8%*
Don't know	*14%*	*12%*	*23*

Furthermore, there is a general perception that this visibility leaves something to be desired. The differences between Protestants and Catholics show that Caritas's profile is perceived more clearly in day-to-day work. This is presumably not only because Caritas organisations demonstrate this more clearly, but also because just under 60 per cent of the staff at the Diakonisches Werk are Protestant (*see III.1.2. Denominational affiliation*

of the organisations). The attitudes of Caritas staff, however, differ significantly from this external perception, so that church members probably reflect the wishes of their church rather than actually being familiar with the day-to-day workings of Caritas and Diakonia – behind the visible sign at the entrance.

In the face of market competition, it is to be expected that *both* organisations will (have to) emphasise these denominational backgrounds much more clearly in future than has been the case to date. In doing so, Caritas and Diakonia would not only be acting in accordance with their constitutions, but would also fulfil the legal requirements as charitable, denominational organisations, for it is legally 'not sufficient that the organisation's purpose is directed towards the fulfilment of a church mandate. In addition, there must be a minimum level of influence on the part of the church in order to ensure, in the long term, that *the institution's religious activities* remain consistent with the church's principles."[118] This is, however, contradicted by the fact that 41 per cent of Catholic citizens in Germany and 46 per cent of Protestants are in favour of greater cooperation between the churches in the social sector.[119]

For both organisations, the specific 'strength' of their denominational profile is at the same time a particular 'weakness', given that the churches are not regarded as having particularly high credibility amongst the general public. In a survey conducted by *the Institute for Applied Social Sciences* (infas) regarding the level of trust placed in an institution or organisation, the churches ranked 14th out of 19 options. (Democracy, the police and the Federal Constitutional Court received the highest levels of trust.) Only 48 per cent of those surveyed expressed trust in the churches, whilst 49 per cent did not. This was even lower than the level of trust placed in newspapers (50 per cent 'yes', 47 per cent 'no').[120]

These attitudes are also reflected in a global Gallup survey (2002) on the trustworthiness of 17 public institutions across 47 countries, in which the churches were ranked fourth worldwide, but 17th in Germany – the lowest position.[121]

This is also reflected in the results of the online survey *'Perspektive Deutschland*', organised by ZDF, amongst others. In terms of trustworthiness, the ADAC, the police, Greenpeace and nurseries achieve the highest scores, whilst only 11 per cent of the population trust the Catholic Church and just 17 per cent trust the Protestant Church. In contrast to the established churches, Caritas and Diakonia – which nevertheless are familiar

with only about half the population (they are less well known amongst young people and in the east in particular) – are credited by 25 per cent and 26 per cent of the total population respectively with performing their tasks well – which means, of those who know them, half.

"At the other end of the scale, in the 'green zone', are organisations such as the ADAC, the Diakonia, Caritas and Greenpeace, which the public regard as highly trustworthy and in need of little improvement.

For another group of institutions, the responses suggest that the public may have lost interest in them. Overall, the public expresses little trust in them, but does not report any urgent need for improvement either. This group of institutions includes the Catholic Church, the Protestant Church and the trade unions." And: "A distinctly critical view of the churches, yet at the same time a barely perceived need for reform – this reflects the increasing secularisation of society."[122]

The reactions of church officials merely reveal their stubbornness or wishful thinking. Bishop Huber (Chair of the EKD Council) dismisses the Gallup study as a 'claim'.

"When I speak of religious illiteracy, you may find that a harsh term. But the fact that I am not exaggerating can even be demonstrated – albeit in a sometimes distressing way – by public reporting. Take, for example, those reports which claim that in a survey on the trustworthiness of social institutions, the churches in Germany, as well as in Switzerland, came in last. On closer inspection, however, it became apparent that the Gallup Institute, which carried out this survey on behalf of the World Economic Forum, had surveyed only 500 people in Germany – undoubtedly a very small number. And the question did not refer to churches at all, but generally to 'religious groups and churches'."[123]

Cardinal Karl Lehmann (Chairman of the Roman Catholic German Bishops' Conference) spoke in an interview with *stern* magazine about the **Perspektive Deutschland* survey*, describing it as a "dramatic verdict" on the churches. His view:

"However, the survey contains a 'fatal flaw'; it separates organisations such as Caritas and Diakonia – with which people are apparently quite satisfied – from the churches. Social engagement, however, is inseparably linked to faith, according to Lehmann."[124]

This question of affiliation with the Church is so important – not only for the indirect acceptance of the Churches but also for both denominational welfare organisations – partly because, through their affiliation with the Church, they also benefit, for example, from the tax exemptions.

This is an aspect that has been viewed critically in Brussels for some time, as there is a tendency there to regard this tax privilege as an unfair competitive advantage over private-sector competitors. If the view prevails that, for example, a care service is a professional service for which the motivation behind it is irrelevant, then the tax exemption for denominational welfare organisations will be revoked.

In addition to the 'church-related' aspect, the German Tax Code also specifies the criteria of 'charitable activity' and 'public benefit' so that donations to an organisation can be claimed as tax deductions. In this respect, it is refreshingly clear when self-interest is explicitly highlighted. In the context of the Caritas Association, the following is stated in a discussion entitled 'On the market situation of church-affiliated welfare organisations':

'Thesis 1: The central task of church-run welfare organisations lies in providing broad-based basic care for members of their own denomination through social services (self-serving denominational self-help) in the areas of healthcare, care for the elderly and childcare (church-run hospitals, homes for the elderly and nursing homes, social welfare centres, nurseries). This task stems from the church's tradition of first establishing charitable activities within its own congregations, because the Gospel's commandment to love must be put into practice first and foremost within one's own community (cf. Acts 6:1–7)."[125]

The two denominational associations may find themselves caught in precisely this dilemma: the more they position themselves in the market as denominational organisations—at least in order to retain the church's clientele—the more their charitable status may be called into question. If their strength lies in the fact that "the two church-based welfare organisations contribute significantly to the credibility of the Christian message",[126] then – viewed from another perspective – this is simultaneously their weakness.

Whether such a strategy is even possible remains to be seen, for there is a second dilemma: 'The churches have since [since the mid-1960s, C.F.] by expanding their social welfare arm – successfully, it would seem, but also without consequences, as we shall see."[127] Norbert Feldhoff, then Vicar-General of Cologne, made a similar observation:

'Institutional Caritas has grown enormously, particularly since the Second World War. Professional specialisation has increased, whilst at the same time the connection to normal parish life has been lost. The large charitable institutions operate largely in isolation from parish life, and the charitable activities of the parishes

have often become increasingly weak. There is a danger of a harmful division of responsibilities [between the Church and Caritas]."[128]

In other words: in the course of expanding their 'works', these organisations have, 'along the way', largely lost their religious foundation and 'connection' and are increasingly aligning themselves with secular welfare organisations. Whilst the bishops seek to turn a blind eye to this fact of the secularisation of their welfare organisations, pragmatic officials accept this situation as it stands. This issue will now be examined in greater detail from further angles.

III.1.1. Religious Affiliation and Organisations

In relation to the religious affiliation of the population in the federal states, the proportion of employees at the two denominational organisations within the LIGA is, overall, slightly below average in the Old Federal States; in the New Federal States, however, it is almost twice as high as the religious affiliation of the population.

Table 43: Caritas and Diakonia employees by federal state and denomination (2002)

State	Welfare organisations in the state					Population (1,000) / Religious denomination				
	DCV	%	DW	%	∑	Cath.	%	Protestant	%	∑
SH	4,264	5.7	35,952	48.3	54.0	172	6.1	1,635	58.0	64.1
HH	4,535	11.1	18,830	45.9	57.0	178	10.3	578	33.4	43.7
NDS	47,778	23.1	77,499	37.5	60.6	1,452	18.2	4,229	53.0	71.2
BR	2,407	11.6	6,629	32.0	43.6	80	12.1	301	45.4	57.5
NRW	297,634	46.1	183,087	28.4	74.5	7,907	43.7	5,282	29.2	72.9
HS	31,327	22.1	52,817	37.3	59.4	1,588	26.1	2,566	42.1	68.2
RLP	64,628	50.2	33,292	25.9	76.1	1,920	47.3	1,315	32.4	79.7
BW	89,034	32.1	117,193	42.3	74.4	4,127	38.7	3,687	34.6	73.3
BY	126,999	46.0	70,709	25.6	71.6	7,332	59.2	2,749	22.2	81.4
Saar	14,398	45.9	3,587	11.4	57.3	709	66.6	211	19.8	86.4
B	11,511	12.6	29,533	32.3	44.9	310	9.1	774	22.8	31.9
Old	694,515	35.9	629,128	32.5	68.4	25,775	37.4	23,327	33.8	71.2.
BRB	2,447	4.9	19,204	38.5	43.4	91	3.5	515	19.9	23.4
MV	1,526	3.6	17,468	41.0	44.6	63	3.6	337	19.3	22.9
S	6,628	8.2	29,096	35.8	44.0	188	4.3	984	22.6	26.9
SA	5,446	11.1	18,577	38.0	49.1	150	5.9	408	16.0	21.9
TH	5,135	9.9	18,882	36.5	46.4	200	8.3	641	26.8	35.1
New	21,182	7.7	103,227	37.6	45.3	692	5.1	2,885	21.2	26.3
Total	715,697	32.4	732,355	33.2	65.6	26,212	31.8	26,466	32.1	63.9

Sources: 'Employees': German Social Accident Insurance Association for the Health and Welfare Services; 'Population / Religious Affiliation': EKD and the German Bishops' Conference.

In the old federal states – with the exception of Baden-Württemberg – the expected correlation holds true: more Protestants = more Diakonia, more Catholics = more Caritas. Only in Baden-Württemberg (where there are more Catholics than Protestants) has the Diakonisches Werk established a significantly stronger presence than the Caritasverband. Starting from the two most populous 'pivots' – North Rhine-Westphalia and Bavaria – the market-dominating 'denominational network' extends across Rhineland-Palatinate and Baden-Württemberg.

In the New Federal States, the Caritas Association is represented just as marginally as the proportion of Catholics; the Diakonisches Werk dominates there, with a presence twice as strong as would be expected given the Protestant share of the population. This raises the question of what the situation is regarding the denominational affiliation of the two organisations themselves.

III.1.2. Denominational Affiliation of the Organisations

It is well known that job advertisements from organisations whose sponsoring bodies are members of one of the two denominational associations often state: 'We assume membership of a Christian church' (Das Rauhe Haus, Diakonia, Hamburg). Or: 'A positive attitude towards social welfare work and the church is a prerequisite' (Diako Flensburg, Protestant Lutheran Deaconess Institute). These conditions in the job advertisements show that specific staff members are being sought, for 'in the context of opinion polls surveys [reveal] the significance and important role of staff: 'Social welfare is concretely represented to the outside world through its staff'. Information about welfare organisations and an analysis of organisational welfare therefore fall short if their conclusions are based exclusively on the institutional and structural framework, without taking into account the significance and role of the staff."[129]

Table 44: Religious affiliations of staff at the Diakonisches Werk (1996)

Denomination	*Germany*	*West*	*East*
Protestant	59.2%	60.3%	52.3%
Catholic	22.7%	25.8%	5.3%
No religious affiliation	17.1%	12.7%	41.5%
Other denominations	1.0%	1.2%	0.9%
Totals	*100 %*	*100%*	*100%*

In 1996, the Diakonisches Werk published statistics on staff working in diaconal service.[130] The already surprising finding that only three-fifths (59.2 per cent) of the Diakonisches Werk's staff belong to a Protestant church becomes even more nuanced when the breakdowns by institution and by federal state are taken into account. In training centres, 76 per cent of staff are Protestant; in semi-residential facilities, the figure is 63 per cent; and in residential facilities, it is 58 per cent (*Table 45*).

Overview 45: Religious affiliations of DW staff / Organisations . Organisations

Religious affiliation:	*Protestant*	*Catholic*	*None*	*Other .*
Training centres	75.**88%**	14.38%	9.74%	0%
Semi-residential facilities	62.5**8%**	20.63%	15.48%	1.31%
Inpatient facilities	58.**11%**	23.13%	17.66%	1.06%

The assumption that this reflects the influence of the New Federal States cannot be readily confirmed (*Table 46*). Three of the New Federal States (Saxony, Saxony-Anhalt and Thuringia) lie in the middle of the distribution in terms of the proportion of Protestant staff – ahead of four West German states. The two most populous federal states (North Rhine-Westphalia and Bavaria) have a proportion of Protestant staff that is (now only) just over half of their total workforce.

*Table 46: Religious affiliations of DW staff / Federal states *) .*

Federal state	*Protestant*	*Catholic*	*('Christian')*	*No religion*	*Other*
Schleswig-Holstein	82 %	8 %	(*90 %)*	10 %	–
Bremen	75 %	17 %	(*91 %)*	8 %	1 %
Lower Saxony	73 %	20 %	(*93 %)*	6 %	1 %
Hesse	67 %	22 %	(*89 %)*	9 %	2 %
Saxony-Anhalt	67 %	7 %	(*74 %)*	23 %	2 %
Saxony	63 %	3 %	(*66 %t)*	33 %	–
Thuringia	58 %	8 %	(*66 %)*	33 %	1 %
Baden-Württemberg*	57 %	28 %	(*85 %)*	12 %	2 %
Bavaria	55 %	36 %	(*91 %)*	8 %	1 %
Rhineland-Palatinate	53 %	38 %	(*91 %)*	6 %	3 %
North Rhine-Westphalia	53 %	32 %	(*85 %)*	14 %	1 %
Brandenburg	53 %	4 %	(57 %)	43 %	1 %
Berlin	51 %	12 %	(63 %t)	36 %	1 %
Mecklenburg-Western Pomerania	32 %	5 %	(37 %t)	63 %	– .
Germany		*59 per cent*	*23%*	*(82 per cent)*	*17%1 %*

**) The Diakonische Werke in Baden and Hamburg did not take part in the survey.*

One question might be: at what point does a denominational organisation lose its special denominational status? How many of its staff must share the organisation's religious beliefs for it to be regarded as a denominational organisation? Is it sufficient for the organisation to be a member of a denominational association? Yes, from a formal legal perspective, this has so far been recognised as sufficient. But just as it cannot be merely the sign on the entrance that identifies an organisation as denominational, or just as it is not enough to put on a cassock to be a priest, so too must the distinctive character and the (frequently cited) special 'Christian' quality be reflected in the attitudes of the staff.

In 1995 – as part of its 'mission statement discussion' – the German Caritas Association commissioned the Allensbach *Institute for Public Opinion Research* to conduct a survey of its staff.[131]

Overview 47: German Caritas Association: Staff / Baptism / Church membership.

		Overall	*West*	*East*
Have you been baptised?				
	Yes	97.**6%**	98.2%	86.5%
	No	1.9%	1.2%	13.**5%**
	No information provided	0.5%	0.6%	–
Question for those who have been baptised:				
Are you a member of a church?				
	Yes	95.8%	96.7%	79.7%
namely:	*Catholic*	*79.0%*	*79.9%*	*63.1%*
	Protestant	*15.8%*	*15.8%*	*15.0%*
	Other denominations	*0.8%*	*0.8%*	*1.3%*
	No information	*0.1%*	*0.1%*	*0.3%*
	No	1.8%	1.5%	6.8%
	No information provided	0.0%	0.0%	-
	not baptised	2.4%	1.8%	13.5%

Virtually all staff (97.6 per cent) are baptised (*Table 47*). Whilst it is the norm for Caritas staff in western Germany to be baptised, in the east the figure is (only) 86.5 per cent of staff, meaning that one in seven staff members there is not baptised.

With regard to church membership, the picture for Caritas is similarly diverse to that of staff at the Diakonisches Werk, though with the difference that four out of five staff members are also Catholic – at the Diakonisches Werk, only three out of five staff members are Protestant – and that not only does the Caritas Association in the New Federal States employ a significantly smaller number of staff, but the proportion of those with no religious affiliation is also only half as high as is the case with

staff at the Diakonia (20.3 per cent compared with 41.5 per cent). Neither organisation, therefore, has had the 'decency' to operate as providers of facilities in the New Federal States only to the extent that they could find Christian staff.

Now one might think that, given that at least four-fifths (82 per cent) of the staff at the Diakonisches Werk and – with a few exceptions – all staff (95.8 per cent) of Caritas are members of one of the two major churches, this would be sufficiently defining, and in the spirit of ecumenism, distinguishing between Caritas and Diakonia in future would be just as nonsensical as asking whether Jesus was Protestant or Catholic. Surely what matters more is one's inner attitude, the way Christianity is lived out in everyday life. At least, that is how a large proportion of the staff at the Caritas Association see it. What is striking, however, is the discrepancy between the staff's wishes and their reality.

The staff were asked: "Leaving aside how you experience Caritas for the moment: what does the ideal Caritas look like to you, what should it be like? There are a number of points written down on these cards. Which of these do you think should apply to the ideal Caritas?" (Card game template)

Of the 28 views provided, 13 were selected by the majority as elements of a desirable Caritas. The result is clear: Caritas staff want an organisation that is open to everyone, one that is modern, open-minded and keen to experiment, and in which qualified staff care for society's disadvantaged in a positive, humane working environment and – whilst remaining politically independent – act as highly motivated advocates for the poor. So far, so good – and the same certainly applies to any secular organisation.

What is surprising, however, is that whilst just under half of the staff want parish-oriented work, only a third of staff wish for support from the churches or want a close link to the Church. Only a quarter of staff now envisage a 'high moral standard' or the organisation as a large family or community as the ideal Caritas; and only a 'hard core' – one in ten – want a missionary Caritas. This ideal – which would presumably not differ greatly amongst staff at the Diakonisches Werk either – pushes the claim to be 'Christian' or even 'denominationally Catholic' very far into the background. The fundamental view that Caritas is an expression of life and an integral part *of the official Church* is shared by only a third of

staff and seems to be more of a wishful notion on the part of the churches than the reality of Caritas.

Table 48: 'What should Caritas be like?'

Aspect	*What should Caritas be like?*	*Rank*
Working with people is the main focus	82.1	*1*
Open to everyone	80.8	*2*
Well-trained, qualified staff	78.6	*3*
Cares for the disadvantaged	75.5	*4*
Good atmosphere, friendly environment	74.1	*5*
Open to modern ideas	68.2	*6*
Active in areas that are otherwise neglected	63.3	*7*
Advocate for the poor	60.8	*8*
Tests new ideas, promotes pilot projects	54.1	*9*
Open to self-help groups	53.7	*10*
Politically independent	53.6	*11*
Highly motivated staff	51.0	*12*
Exerts influence on social policy	50.0	*13*
Community-oriented, involves the church congregation	46.9	*14*
Well-regarded by the public	46.7	*15*
Not-for-profit	44.0	*16*
Tries to bring about real (political) change	42.8	*17*
Very wide range of services	42.4	*18*
Supported by the parishes	42.1	*19*
Staff motivated by the Christian faith	41.8	*20*
Supported by the established church and its staff	34.8	*21*
Financially independent	34.6	*22*
Close ties to the Church	33.0	*23*
Large family, community	27.5	*24*
High moral standards	25.9	*25*
Low fees and rates	24.6	*26*
Stands out from other charitable organisations	21.0	*27*
Missionary	11.6	*28*
No answer	0.9	-

This shows that Caritas has experienced the same situation as diaconal institutions, which have faced two changes over the years: On the one hand, the number of staff rose steadily (from 138,000 to 499,000 over 32 years) and, on the other hand – as a single trend – the number of 'members of religious orders' – meaning primarily nuns – working as 'staff' within Caritas fell from 60,447 (1950) to 12,253 (1999).

Overview 49: Full-time staff of the German Caritas Association 1950–1999

	1950	*1960*	*1970*	*1980*	*1990*	*1999*
Total	106,058	137,496	192,484	283,329	347,566	476,186
Order personnel	60,447	58,046	54,546	33,000	21,000	12,253
As a percentage	*57.0%*	*42.2%*	*28.3%*	*11.6%*	*6.0%*	*2.6%*

Source: (1950–1990) Michael N. Ebertz: Erosion of the Institution of Grace? On the Transformation of the Social Structure of the Church. Frankfurt, 1998, p. 303. (1999) German Caritas Association: Central Statistics 1999.

The same trend also applies to the Diakonia. An example: within the Protestant Johanneswerk, the number of staff has quadrupled over the course of thirty years (from 1,500 to 6,000), whilst the number of deaconesses has fallen from 332 to 8 over the same period.

Overview 50: Staff at the Protestant Johanneswerk in 1960, 1972, 1990

Year	*Employees,*	*of whom were deaconesses*	*Deacons*	*Total*	*as %.*
1960	1,500	332	270	602	*40 %t*
1972	2,000	-	-	200	*10 %*
1990	6,000	8	23	31	*0.5%*

Source: Volkhard Krech: 'Religious Programmes and Diaconal Action', in: Karl Gabriel (ed.), Challenges Facing Church Welfare Organisations, Berlin 2001, p. 104.

Whilst fifty or forty years ago the nuns and deaconesses – if only outwardly, by virtue of their habits – signalled the religious orientation within Diakonia and Caritas institutions, i.e. which view 'set the tone' there, this has since evidently become weaker, if not disappeared altogether.

For the most part, therefore, staff want a Caritas that is reflected in its motto – a motto in which the words 'Catholic' or 'Christian' do not appear at all: (With well-motivated and qualified colleagues with modern ideas and a spirit of human solidarity) *"Seeing need and taking action*".

And what about day-to-day life?

After answering the question of what they thought Caritas should be like, Caritas staff were asked: "Which of the statements on these cards apply to the Caritas organisation as you experience it in your day-to-day work? Please lay out the relevant cards."

The greatest discrepancies (*Table 51*) lie between the desire and the reality of being 'open to modern ideas' (minus 38.3 percentage points), being 'politically independent' (mi-
35.1), and that a "positive atmosphere and a humane working environment" is part of everyday working life (minus 31.1). Similarly, the desire for the organisation 'trials new ideas and promotes pilot projects'

is perceived as less desirable than hoped for (minus 20.0), whilst 'financial independence' (minus 28.2) and 'attempting to bring about real political change' (minus 23.6) also fall far short of expectations in everyday reality. Expectations regarding the 'qualifications of staff' have also fallen (minus 19.4), as has 'openness and receptiveness towards all people' (minus 18.9 percentage points).

Table 51: 'What should Caritas be like? What is Caritas like in everyday life?'

Aspect	*What should Caritas be like?*	*What is Caritas in everyday life?*	Difference *percentage points*
Working with people is the main focus	82.1	72.3	*- 9.8*
Cares for the disadvantaged	75.5	66.6	*- 8.9*
Open to everyone	80.8	61.9	*- 18.9*
Well-trained, qualified staff	78.6	59.2	*- 19.4*
Working in areas that are otherwise neglected	63.3	55.9	*- 7.4*
A very wide range of services	42.4	55.5	*+ 13.1*
Advocate for the poor	60.8	51.4	*- 9.4*
Good spirit, friendly atmosphere	74.1	43.0	***- 31.1***
Open to self-help groups	53.7	40.6	*- 13.1*
Close ties to the Church	33.0	38.3	*+ 5.3*
Parish-oriented, involves the parish community	46.9	35.3	*- 11.6*
Tests new ideas, promotes pilot projects	54.1	34.1	***- 20.0***
Staff motivated by the Christian faith	41.8	34.0	*- 7.8*
Well-regarded by the public	46.7	32.9	*- 13.8*
Exerts influence on social policy	50.0	32.8	*- 17.2*
Supported by the established church and its staff	34.8	32.8	*- 2.0*
Highly motivated staff	51.0	32.7	*- 18.3*
Supported by the parishes	42.1	30.5	*- 11.5*
Open to modern ideas	68.2	29.9	***- 38.3***
High moral standards	25.9	27.8	*+ 1.9*
Not profit-oriented	44.0	26.9	*- 17.1*
Large family, community	27.5	21.3	*- 6.2*
Stands out from other charitable organisations	21.0	20.7	*- 0.3*
Tries to bring about real (political) change	42.8	19.2	***- 23.6***
Politically independent	53.6	18.5	***- 35.1***
Low fees and rates	24.6	14.4	*- 10.2*
Financially independent	34.6	6.4	***- 28.2***
Missionary	11.6	-	-
No answer	0.9	-	-

By contrast, three aspects are more prominent in everyday life than might be desirable: 'Very wide range of services' (up 13.1), 'Close ties to the Church' (up 5.3) and 'High moral standards' (up 1.9). In this context, however, this is to be seen more as a criticism of 'too much of it'.

Of the thirteen positive aspects that more than half of the staff cited as desirable, only six – and even then to a lesser extent – are actually experienced by more than half of the respondents in their day-to-day work.

In summary, it appears that Caritas staff as a whole are guided by a universally applicable, friendly and pragmatic view of humanity – one that even non-denominational individuals might well endorse as desirable – and that only around a third of Caritas staff actually wish for a denominationally oriented organisation in accordance with the Church's specific ideals.

And what might this 'Christian distinctiveness' be, i.e. the distinctive, unique character of Christian welfare organisations? 'Research on this subject predominantly highlights the *problems* regarding the "Christian distinctiveness" of hospitals run by church organisations and is limited to theoretical and/or theological considerations regarding a corresponding *programme of action*.'[132] However: "differences in motivation, professional attitude and professional ethics between staff at independent welfare organisations and those at private commercial organisations have not yet been empirically demonstrated." [133]

The Catholic Liebenau Foundation, however, has explicitly described this distinctive feature of a Christian institution: "In the practice of the Liebenau Foundation, ethical principles derived from the Christian faith are applied, offering reassurance particularly to the seriously ill, those unable to communicate and the completely helpless, as well as to their relatives. There is no assisted dying, no euthanasia and no abortion in the Liebenau Foundation's care homes."[134]

The implicit assertion that euthanasia is practised in state or privately run institutions is, however, a peculiar form of malice.

Overall, the findings from Caritas staff correspond to the general self-perception of Germans, who, in response to the question: 'In your opinion, what is particularly characteristic of Germans? Various activities are listed on these cards. Which of these do Germans do particularly well?': in both 1994 and 2000, they responded with the same ranking of 16 activities: working (80 per cent), organising (69 per cent), thinking (48 per cent), inventing (42 per cent) and, in 14th place: dreaming (9%), in 15th place: praying (8 per cent) and in 16th place: painting (6 per cent).[135] It would therefore seem that Germans are not particularly good at praying.

Taken together with the other findings, this shows that religiosity – if it ever existed to any significant extent in the first place – has largely disappeared. It does indeed appear to be the case, as an empirical study[136] suggests: 'If one were to remove the signs from the institutions and services, there would be no indication whatsoever as to which organisation they belong to.'[137] Similarly, the Monopolies Commission noted as early as 1996/1997:

"Developments in recent years point to a process of convergence amongst welfare organisations and a loss of value orientations. The resulting pressure for reform emphasised economic efficiency and increasingly eroded the ideological foundations of the organisations and their sponsoring bodies. Traditional social milieus and value-based communities are in the process of disintegration, and as a result, the organisations are losing their specific clientele."[138]

However, these experiences and assessments stand in stark contrast to the demands a theologian places on staff.

"The 'Christian foundation of the Church's social work' therefore inevitably has consequences for those involved in the Church's diaconal ministry. Involvement in the Church goes right to the very roots of one's own life. In this sense, it demands a 'radical' (i.e. more deeply rooted or firmly required) Christian qualification of its staff, grounded in the Christian faith and in the Church's self-understanding." And accordingly "it is stated that participation in the Caritas service community is 'restricted to staff and groups who identify with the Church's mission and acknowledge this identification in their employment contract'."[139]

So before Caritas were to have to dismiss two-thirds of its staff – due to a lack of identification with the Catholic Church and substantive breaches of their employment contracts – it might be worth clarifying more precisely what 'confessionality' actually means. On the one hand, it is clear that the churches themselves – as institutions – are being trusted less and less; on the other hand, however, 'frontline staff' still enjoy a high professional standing. In response to the question: "Here is a list of some professions. Could you please select the five that you value most highly, the ones for which you have the greatest respect! (A list was presented)", 74 per cent of those surveyed named *doctors* as the profession for which they have the greatest respect. Opinions then diverge, but already in second place on the '2001 Professional Prestige Scale' are *priests and clergy* (38 per cent), followed by *university lecturers* (33 per cent), *solicitors* (31 per cent) and *entrepreneurs* (29 per cent).[140] Denominational affiliation, however, is subject to constitutional provisions on religion, tax law, etc., and not as something 'human'.

Digression VII: Bullying out of 'charity'?

Constant scheming in the workplace, repeated covert or even overt acts of malice… Persistent unpleasantness in the workplace, demoralising and nerve-wracking behaviour amongst colleagues – in other words, anything but a friendly and collegial working environment and atmosphere, and referred to in short as 'bullying' – has been found to occur at three times the average rate in the social sector in Germany.[141] The list of professions affected (social workers, social educators, special needs teachers, nursery nurses, care workers for the elderly, family carers, therapeutic care workers, childcare workers, employment and careers advisers, and other social care professions), combined with the fact that women face a (75 per cent) higher risk of workplace bullying than men, does not bode well for the Caritas and Diakonia organisations in this regard, as not only do an above-average number of women work in these health and social care institutions (in 2003, women accounted for 81.6 per cent of staff within the Caritas Association[142]), but there is also a third reinforcing factor: so-called Christian 'charity'.

What appears at first glance to be a contradiction becomes logically consistent once one examines the intricate interplay more closely.

The Christian-biblical commandment: 'You shall love your neighbour as yourself' (Leviticus 19:18 / Matthew 22:39 / Mark 12:31) is not only vague for non-theologians but is (in fact) impossible for Christians to observe either, as the Bible's view of humanity is not a positive one. The human being in the Bible is full of guilt, constantly sinful, must become humble, and is to be reverent before God – and women are to remain silent in the congregation anyway. Can a person described in this way love themselves? No. How, then, are they to love their neighbour as themselves? Yet the commandment remains.

The Gospel of John offers a different perspective. 'A new commandment I give unto you, that ye love one another, even as I have loved you, that ye also may love one another. By this shall all men know that ye are my disciples, if ye have love one to another.' (John 13:34–35). Yet this love of Christ had at least two 'non-communicative' facets: for one thing, Jesus never argued with his followers (I am in possession of the truth, and whoever does not follow this truth is damned!) and his commands – for example, the command to his disciples to go out and preach – were a

Great Commission Statement. Neither of these is conducive to a communicative and friendly corporate culture.

Even the individual virtues required by Christianity, such as mercy, compassion, helpfulness, and so on, set the bar for expectations regarding one's own behaviour and that of others so high that people – who try to put these virtues into practice – become incapable of dealing with conflict and are no longer able to articulate their emotions, wishes, ideas or demands adequately. 'It is particularly frowned upon in church institutions to air conflicts,' says Norbert Copray, director of the Frankfurt Fairness Foundation. 'Conflicts are seen there as a bad sign. As a Christian, one feels obliged to understand one another and to interact harmoniously.'"[143] However, as emotions cannot be suppressed indefinitely, they therefore attempt to find a way out through 'indirect means' – namely, bullying. In other words: something that is actually well-intentioned becomes such a burden for the individual that it turns into its opposite: ruthlessness, a lack of humanity and isolation.

One example of this is the behaviour of the manager of a Caritas social services centre in Hamburg, who sent an email via the organisation's internal intranet instructing her staff to stop speaking to a particular colleague, to ignore her and to stop assigning her any work.[144] Once the situation came to light, the managing director of the parent organisation, *Caritas Wohnen & Soziale Dienstleistungen GmbH,* formally apologised to the victim of bullying. However: "Bullying is no stranger to the Diakonia either. This psychological terror is nothing new; it's just that it wasn't reported on in the past."[145]

Caritas and Diakonia face a virtually insoluble dilemma regarding these cases of bullying reported in the media, particularly when – as in this instance – they themselves are affected by the very problem they are helping others to tackle.

Furthermore, it is reported that two further aspects apply: "Most church employees affected by bullying, however, shy away from going public for fear of further reprisals." And: "Particularly in church organisations, a marked lack of leadership is often evident. High Christian standards obscure the ability to recognise problematic behaviour in oneself and in staff ('We don't have that sort of thing here')." [146] Because of this mentality – cannot exist what is not allowed to exist – most of the care

homes in the Diocese of Aachen, for example, did *not* take part in the bullying study conducted by the Aachen Caritas Association. Their reasoning: "We do not have this problem." However, in the twelve care homes that did take part, it emerged "that one in every eight to nine staff members had already been affected by bullying during their working lives".[147]

"Yet, if one follows Peter Eckart [who is responsible for public relations on the subject of bullying at the Church Service in the World of Work (KDA) in Bavaria], the church as a workplace is, as it were, predestined for 'bullying': 'In the church sector in particular, we often have unclear relationships and blurred boundaries.' On the one hand, there is a mix of full-time and voluntary staff here, which is not found in the private sector. 'People often don't really dare to voice criticism towards volunteers,' says Eckart. The result: silent resentment towards mistakes on the part of the full-time staff and, on the part of the volunteers, the urge to improve the atmosphere by working harder and better. The vicious circle begins…"[148]

Digression VIII: Compulsory Denominational Affiliation

If the data regarding the religious affiliation and religious commitment of staff at denominational organisations have given the impression that Caritas and Diakonia are becoming increasingly secularised, then whilst this is true on the one hand, on the other hand this impression can nevertheless be misleading.

Even if it seems a contradiction that, whilst only 20 per cent of church members now attend church regularly (16 per cent of Catholics and 4 per cent of Protestants), the 80 per cent who are 'distant from the church' (and that is 42 million Germans) are still members of one of the two major churches, this fact may be explained by infant baptism, simple habit, the desire for a 'wedding in white' and so on; however, it does not address the question of why even citizens who would personally prefer to leave the church do not actually do so. What is it that impedes this freedom – to be a member of a church or not? The answer is very simple: these baptised people do not leave the church because they (have to) fear that doing so would result in serious social or economic disadvantages for themselves.

This is not to address the issue of social ostracism in small parishes following a withdrawal from the Church; rather, it concerns matters of employment. In the workplace, it becomes clear what happens when the fun-

damental legally protected freedom of religion clashes with the equally legally protected protection against discrimination on the grounds of religious affiliation in commercial enterprises; that is, when churches do not confine themselves to the pastoral care of their members, but instead operate a wide range of institutions in the social and healthcare sectors (including the associated training places): the result is that freedom of religion is effectively nullified, as one must be a member of a church in order to obtain a job or to keep it.

The objection that one should simply look for another employer – one that is not denominationally affiliated – fails to take account of the reality of the jobs currently available. Even though it will become apparent later in this study – when examining the individual fields of activity – that Caritas and Diakonia often control 'only' forty per cent or half of the jobs in social and healthcare institutions (e.g. in general hospitals, nurseries, care homes for the elderly), these jobs are simply not distributed evenly across the whole of Germany – meaning that every nurse, care worker for the elderly or nursery teacher would not have a local choice of 60:40 or at least 50:50. Particularly in the Rhineland, Rhineland-Palatinate, the Saarland and large parts of Baden-Württemberg and Bavaria, there are dominant, even monopolistic structures comprising 80 to 100 per cent exclusively denominational providers.

'Compulsory denominational affiliation' refers, amongst other things, to the 'form of structural violence in everyday working life' [149]which – with the endorsement of the Federal Constitutional Court's judgement of 4 June 1985 (protection against dismissal) – grants church-affiliated organisations the right to dismiss employees for breaches of the church's 'duty of loyalty' – the exact nature of which is determined by the church itself. The standard clause in the employment contract of a Caritas association reads:

"The employer and the employee are entitled to terminate the employment relationship without notice for good cause. [ ] Good cause includes serious breaches of the provisions of ecclesiastical law or against the principles of doctrine and morality [ ]. These include, for example, leaving the Church, cohabitation in a marriage-like relationship, and living together in a marriage that is invalid under church law (including, marriage following a divorce), involvement in a termination of pregnancy or public advocacy of the idea of abortion, participation in or support of immoral endeavours or those hostile to the faith or the Church, as well as membership of organisations that predominantly serve such endeavours."[150]

As this breach of the duty of loyalty (particularly in Catholic institutions) may already arise from marriage to a divorced partner, individuals either consciously refrain from, for example, leaving the Church, or, in a spirit of 'anticipatory obedience', refrain from all such actions so as not to breach this 'duty of loyalty'. These rules are not applied only where it would otherwise be impossible to attract qualified staff (such as graduates) to denominational institutions (for example, in the new federal states). Wherever denominational institutions dominate the market and the denominational bodies can 'hand-pick' their staff, these rules of the 'duty of loyalty' apply – a constraint to which existing and future staff must submit.

In this respect, it is telling that Catholic institutions in Germany are conspicuously located to the west and south of the 'diaspora line', i.e. in areas where Catholics still constitute a majority of the population, and where Catholic employers find a corresponding pool of potential staff from which they can select as required.

Equally well-known, albeit less common, are situations outside the social sector.[151] For instance, at the end of 2003, the Building Department of the Archiepiscopal Ordinariate in Munich purchased furniture from a retailer, who subsequently received a letter from the Building Department's accounts office asking him to submit a 'certificate of no objection from the Church Tax Office'. There was no response to the businessman's letter stating that he did not belong to any church, nor was a new order placed.

The assumption that such issues only play a role in churches, Caritas and Diakonia is too narrow. There is a textile and fashion department store known throughout Germany (with 197 shops in Germany and a total of 581 across 13 European countries; with its European headquarters in Brussels), whose owner family has been trading in textiles since the 17th century and was among the travelling merchants, known at the time as 'Tödden', who are described as secretive and strictly Catholic and who even communicated using a secret language.[152] The daughters of this large family are compensated with a life annuity. 'They are not permitted to hold any shares in the company, nor do their children have any claim whatsoever to the billion-euro empire of their uncles and cousins with the correct surname. Only the Brenninkmeyers – reverently referred to within the company as the "B's" – who were selected by the family council, remained in the business and carried on the legacy. Many other 'B's'

donned the priest's cassock or the monk's habit – one even rose to become a bishop." The story centres on the C&A company, based in the Catholic Münsterland region: "The devout Brenninkmeyers also demanded propriety, decency and morality from their employees, and anyone who did not own the correct hymn book stood no chance anyway. But anyone who got a job could be sure of a well-paid, permanent position – unless they attracted attention through sinful behaviour." [153] The company is 100 per cent family-owned and is regarded as "upstanding, Catholic, conservative". They are secretive and reveal neither who the group's shareholders are nor what their financial circumstances are. "Only a few rumours filter out that Protestants and women cannot attain leadership positions." [154] A parallel to the hierarchy of the Roman Catholic Church.

The number of these 'compulsorily denominational' individuals in Germany is unknown. The figure is estimated to be around one-third of church members – which would amount to around 18 million people in Germany. More detailed studies would be needed to clarify for how many church members their 'negative freedom of religion' is thereby restricted. The only concrete indication to date comes from an internal church survey conducted by the Institute for the Sociology of Religion at Humboldt University in Berlin, which, amongst other things, arrives at the rather surprising finding that ten per cent of Protestant and eight per cent of Catholic church members are explicitly atheists.[155]

The issue is also, in principle, recognised within the wider context of the Church and its social welfare work. In connection with a campaign encouraging people to rejoin the Protestant Church, Oberkirchenrat Schloz from the EKD's Church Office is quoted as saying, based on opinion polls: 'There are a wide variety of motives that lead a person to rejoin the Church. These include entirely pragmatic reasons that have little to do with inner conviction. Such pragmatic re-joining often occurs when a job with the church is at stake. Not every doctor planning to apply for a post at a Protestant hospital is fulfilling a heartfelt wish by rejoining the church. Furthermore, only those who are members of the church can become godparents." [156]

This issue, which is rarely discussed in public – and when it is, the examples cited have always been from the Catholic Church – suddenly became a topical public issue in August 2004 when it emerged that the Council of the EKD, through the Labour Law Department of the EKD Church Office, had drawn up a draft 'Guideline of the Council of the

Protestant Church in Germany … on the requirements for professional employment under private law in the Protestant Church in Germany and its diaconal work', which was to be adopted in September 2004 – without consultation in the EKD Synod. The purpose of the draft was to formulate uniform requirements regarding staff members' ties to the church. For senior staff, not only is church membership mandatory, but "this group of employees must also demonstrate their loyalty through their 'conduct both within and outside of work'." Furthermore: "Anyone who has left the Protestant Church without having joined a church belonging to the ACK [Working Group of Christian Churches] is unsuitable [as an employee]. Withdrawal from a church belonging to the ACK may, but need not, be an obstacle to hiring an applicant."[157] It is precisely this discretionary provision, due to its ambiguity, that will lead to anticipatory compliance in the form of refraining from leaving the church or (re)joining it. Staff representative bodies and the ver.di trade union vehemently rejected the draft. "The fear is that, in day-to-day working life, the issue of church membership will be used as a disciplinary measure. 'We are already experiencing this,' says the long-standing staff representative [and Chair of the General Staff Council of the Diakonia in Hesse-Nassau, Erhard Schleitzer]. 'In a number of institutions, non-denominational staff are always employed on fixed-term contracts. The contract is only extended if the person in question joins the church.'[158] This is known as forced denominationalisation.

It is rarely possible to ascertain what strange 'administrative assistance' this results in across Germany. One example: in May 2004, the Petitions Committee of the Baden-Württemberg State Parliament had to rule, amongst other things, on 'tax matters'. A local authority association requested a correction to the VAT assessment for the years 1995 to 2002, which it had been required to pay for the provision of care workers to a diaconal centre in return for payment. The petitioner described the situation as follows:

'The employment of the care workers had a church-political background. As it was apparently the case in the past that only non-denominational nursing staff from the new federal states were available on the labour market, whilst under church law the Protestant parish may only employ nursing staff who belong to the Protestant or Catholic Church, the local authority association employed the nursing staff and made them available to the diaconal centre by way of staff provision."[159]

The Petitions Committee ruled: "The petitioner's request to revoke the VAT and interest assessments cannot be granted."

These issues concerning the denominational affiliation of Caritas and Diakonia, and the possible imposition of a religious affiliation on employees in order to retain or obtain a job, form part of a broader topic known as the 'Third Way', which should at least be outlined.

Digression IX: 'Third Way'

Apart from the work stoppages by cemetery workers in Berlin and the office assistants of the Berlin City Synod between 1919 and 1921, the word 'strike' was unfamiliar to churches, Caritas and Diakonia until just a few years ago.

In the run-up to the works council elections in German commercial enterprises in the spring of 2002, the German Bishops' Conference and the Protestant Church in Germany published a joint 'Call for the 2002 Works Council Elections'.

'The world of work is in a state of upheaval: the changes brought about by globalisation and the shift towards a knowledge-based society offer a wide range of opportunities for employees and businesses. At the same time, this may also lead to difficulties for employees' right to co-determination: companies are being spun off, wound up or integrated into industrial conglomerates that are almost impossible to oversee. In this situation, the responsibility of works councils increases, which also means that works council elections are gaining in importance and attention. […] Only a functioning works council can effectively and sustainably safeguard the workforce's rights to co-determination and participation – for example, in relation to the increasingly important flexibilisation of working hours and working conditions, the protection of Sundays, or the drawing up of social plans. […] Through their high level of personal commitment, works council members not only make an indispensable contribution to industrial peace and progress within the workplace, but also perform an important interpersonal and social service that deserves recognition and respect. […] The relevant church organisations endeavour to support works councils in a variety of ways. […] In particular, please elect a works council in those companies where there is as yet no employee representation."[160]

What the two signatory church leaders describe there – that companies are being spun off, dissolved or integrated into corporate groups – and what has been published in identical terms by dioceses and regional churches – also applies to the situation in the 'own works' of Caritas and Diakonia.

However, there was no mention of this, as the churches and their organisations operate according to the 'Third Way', which means, amongst other things, *no* works council, *no* co-determination and *no* right to strike. Reactions to this appeal ranged accordingly from irritated surprise to scathing derision.

These different 'paths' describe the way in which decisions are reached regarding 'working conditions'. In the 'First Path' (the state), labour regulations are determined unilaterally 'from above'; in the 'Second Path', employers' organisations and trade unions negotiate – from the perspective of the conflict between capital and labour – until they reach a compromise; and in the 'Third Path', the 'employers' and 'employees' in the denominational 'service community' formulate the rules governing the organisation of the workplace by mutual agreement. So much for the theory.

Although the churches (and the charitable organisations they defined) were able to prevent both the application of the Works Constitution Act of 1952 and the Staff Representation Act to their institutions, from the late 1960s onwards they could no longer evade the wider social debate on co-determination and felt compelled to establish (as well as for Caritas and Diakonia), which were then successively enacted between 1971 and 1980 as *the* Catholic *Staff Representation Regulations* (MAVO) and the Protestant Staff Representation Acts (based on the model draft of a Labour Law Regulation Act – ARRG), known as the 'Third Way'. Since then, there have been *staff representative bodies* (MAV) which have come together to form supra-regional (diocesan/regional church) working groups (DiAG-MAV / AG-MAV) and constitute a Federal Working Group (BAG-MAV) or a standing committee of the regional church AG-MAVs.

As the regulations for Caritas are clearer – the Protestant regional churches and diaconal organisations have differing regulations on some points – the Catholic regulations are primarily set out here for the sake of clarity.

In the Catholic sector, there is the *Commission on the Regulation of Diocesan Employment Contract Law* (KODA) and the *Labour Law Commission* (AK) of the German Caritas Association, which is composed of an equal number of representatives of the 'employers' (= the legal entities responsible for the institution) and the 'employees' (the staff, who may well include senior managers).

The concept of a *'community of service'* is fundamental to the 'Third Way' of co-determination. However, the very term 'community of service' appears to be an ambiguous construct and cannot 'neither be given meaningful theological substance nor satisfactorily structured in organisational terms'.[161] This 'service' has a

- theological character, in that all institutions 'fulfil their part in the Church's mission'; a
- sociological character, as a wide variety of professions, activities, organisations, etc. are brought together within a shared framework of meaning; and a
- character under service and labour law, in that employment relationships governed by canon law and public law, as well as employment relationships under private law, are placed within a common framework.

In these various uses of the term, and owing to the 'asymmetry'—including in ecclesiastical service and employment relationships—regarding control over workplaces, 'there remains a latent suspicion that the "service community" is being used as a combative term to block a fair balancing of interests and to obscure the nature of an "employer community"'. [162]

In practice, it had been agreed in principle that, in the church sector – as with Caritas and Diakonia – regulations would 'align' with those of the state, i.e. adopt them on a one-to-one basis, with the exception of the rules on co-determination. These adoptions also applied to the *Federal Civil Service Pay Scale* (BAT) for the public sector, which was regarded as the general basis for pay in the health and social care sectors and was adopted with modifications.

This remained the case until public-sector employers – due to persistently low tax revenues – introduced flexibility clauses to the detriment of staff (including an increase in weekly working hours and the abolition or reduction of Christmas and annual leave bonuses), and staff at the Church, Caritas and Diakonia refused to automatically adopt these regulations as they had always done.

Within the 'service community', it had been decided that a majority of 75 per cent approval was required for resolutions. This worked well as long as everything was going 'upwards'. However, as the staff representatives did not consider adopting the deteriorating conditions in the public sector on a one-to-one basis, and the 'employers' side' lacked the imagination to propose anything other than compensation, what had previously occurred in more marginal cases: nothing can be achieved any more, as the necessary majorities can no longer be secured.

Under the 'Third Way' system, the bishop – in accordance with his sole legislative authority as laid down in canon law – is reserved the 'right of final decision' in the event of an irresolvable conflict. When nothing can be achieved, the bishop decides, and that is clearly the 'first way'. This is what happened in March 2003, when, for example, the Bishop of Limburg unilaterally brought into force the amended provisions of the BAT regarding Christmas bonuses and employees' contributions to supplementary pension schemes.

However, as performance agreements in the health and social care sectors are largely based on the standards – including wage costs – of the public sector, charitable organisations will find themselves in a financially strained situation in the foreseeable future.

The third way – where to?

For some years now, there has also been a fundamental debate within Caritas and Diakonia – mirroring that in the state sector – regarding the retention of the provisions of the Federal Civil Service Pay Scale (BAT). In the view of the more economically minded charitable organisations, the basic principle of pay based on length of service and 'loyalty bonuses' is 'no longer in keeping with the times', as in a situation where skilled workers are becoming increasingly scarce, these workers – in a competitive situation with private-sector companies – can only be attracted with better performance-related pay. Furthermore, outsourcing had not necessarily proved to be a more cost-effective option, so it also seemed in the interests of charitable organisations to pay the lower pay groups even less than before. However, this 'widening gap' in the 'wage spread' – increasing higher salaries whilst lowering lower wages – can only be achieved within the BAT through various 'opening clauses', and for Caritas and Diakonia, this would mean abandoning the 'Third Way'.

For some years now, there have been possible exemption clauses within the Caritas Association: in 1999, the 'emergency exemption clause' (pay components may be deferred); in 2000, the 'hardship exemption clause' (staff waiving pay rises); and in 2003, a 'clause allowing for economic emergencies' (a whole catalogue of measures in the form of a service agreement).

But what about those institutions and organisations within Caritas and Diakonia that are not facing financial difficulties but nevertheless wish to opt out of the current regional collective agreement?

The initiative was launched by organisations within the Diakonia, which founded the *Association of Diaconal Employers in Germany* (VdDD) in 1998. The VdDD (which currently has 80 members and 175,000 employees) sees itself as a national association and became a member of *the Confederation of German Employers' Associations* (BDA) in November 1999. Despite the assertion: 'We stand for consensus in the formulation of labour and collective bargaining law. We consider the "Third Way" to be intelligent, forward-looking and capable of further development', the two main demands signify the end of this path: 1. A fundamental overhaul of employment contract arrangements (AVR, BAT-KF) within the Diakonia, i.e. a distinction between basic pay and supplementary pay; 2. Uniform federal labour law regulations with regional flexibility clauses.[163] Following the onset of the debate over what consequences, in terms of collective bargaining law, the membership of diaconal enterprises in *the Federal Association of German Employers' Organisations* would have – the 'Dienstgemeinschaft' includes both trade unions and their counterparts in collective bargaining, employers' associations – calm was restored, apart from complaints such as those made by the head of administration at the Rummelsberger Anstalten (which are members of both the VdDD and the 'Brussels Circle'), who stated at the 2003 annual results press conference: "Our labour costs are too high. [...] It is unacceptable that employees at Diakonia and Caritas are paid up to 20 per cent more than in the wider sector."[164]

Caritas has since taken over this 'business task force', within which the major sponsoring bodies and organisations had initially come together to form a *working group on business matters*, from which the *Working Group of Charitable Enterprises* (AcU) subsequently emerged, which deals with "models for sustainable salary structures within the 'Third Way'".[165] In early 2003, the *Project Association for Innovative Working in Charitable Organisations* (initially PIA, now p.i.a.) was formed. Its aim: "The structure of remuneration, working hours and other working conditions should be simplified, made more transparent and more performance-oriented." The Labour Law Commission has since approved the 'testing of variable remuneration components' in pilot projects.[166]

On the question of whether Caritas and Diakonia can still afford the 'expensive BAT', the then Vicar General of Cologne, Norbert Feldhoff, also offered some insight when he remarked: 'It would not be at odds with church ministry if remuneration within the institutional church were regulated differently from that within Caritas. It is conceivable that hospitals might also have different remuneration arrangements in terms of their structure

such as nurseries. Operational flexibility clauses that take account of the specific circumstances of individual institutions do not conflict with the unity of church ministry.'[167]

And if, for example, one were to follow the observation that in the Archdiocese of Cologne church employees are paid according to pay scales other than the BAT – such as the staff of the Cathedral Workshop, who are paid according to the collective agreement of *IG Bau–Steine–Erden* – then large parts of Caritas and Diakonia would also have to be excluded from the 'Third Way', as there is no such thing as Catholic or Protestant surgery, paediatrics, etc., and Protestant and Catholic debt counselling is based on the same laws, regulations and specialist knowledge as such counselling in the public sector. Essentially, everyone within Caritas and Diakonia is working towards the end of the 'Third Way' – yet none of those involved wishes to be seen as the 'culprit' for this. However, the Protestant Press Service has already reported: 'Large organisations are gaining more influence. The Diaconal Work of the Protestant Church is preparing new statutes for 2005.'[168]

On 1 March 2005, the Protestant Church in Hesse and Nassau announced that new employment contract law would come into force from July 2005. With this move, the EKHN has completely decoupled itself from the BAT and is the first regional church to 'establish a completely independent system of employment contract law' for staff in the church and diaconal organisations.[169] Key points are: 'pay based on job characteristics' rather than on educational qualifications – marital status and children will also no longer be taken into account; 'more flexible working hours' with a 'working hours range' of 35 to 45 hours per week; there are to be no pay rises under collective agreements until 2007; a Christmas bonus will only be paid depending on the company's financial situation. Transitional arrangements will only cushion the losses for a short period:

"All employees will be placed in the new pay scales upon the new system coming into force through a standard transfer. [...].Anyone who would be disadvantaged by the new system will, as a rule, receive a grandfathering allowance. This allowance freezes the monthly remuneration at its current level. Future increases resulting from collective agreement rises or length-of-service increments are to be offset against the grandfathering allowance first, so that the allowance is gradually phased out."

In plain language, this means not only the end of one of the principles of the so-called 'Third Way' – 'equal pay for equal work' – but also: a pay freeze until 2007 and no pay rises until, it is expected, 2010.

Commenting on the new employment contract law, the chair of *the Association of Church Employees* (vkm) stated: "We conducted the negotiations in the spirit of the service community. It was important to us that, whilst safeguarding jobs, monthly salaries would not be reduced under the new regulations."[170]

A few days later, on 9 March 2005, the North Elbe Regional Church announced that the previous Church Employees' Collective Agreement (KAT), which is modelled on the public sector, would be "transitioned to a new, streamlined collective agreement"[171]. The new collective agreement is due to come into force at the end of 2005.

Digression X: Anti-Discrimination Act

The issues discussed so far are also significant because the churches and denominational associations – as has already been indicated on several occasions – operate under a special system of labour law. The extent to which this denominational labour law falls under the protection of Article 140 of the Basic Law, which incorporates Article 137, paragraph 3 of the Weimar Constitution ('Every religious community shall organise and administer its affairs independently within the limits of the law applicable to all'), has so far been unequivocally assessed in law in favour of the churches. However, it is also a matter of political perspective as to whether institutions run by Caritas and the Diakonisches Werk should be counted as church affairs at all – even if they are not funded by the churches at all. (By analogy with the maxim: "He who pays the piper calls the tune.")

In this respect, there is a conflict between ecclesiastical labour law and the Basic Law, in which (primary) fundamental rights are infringed by (secondary) denominational labour law, such as 'the right to the free development of one's personality' (Art. 2(1)) or the 'inviolable' freedom of faith, conscience and religious and philosophical conviction (Art. 4(1)).

Dismissals, for example on the basis of religious moral principles which are regarded by society as a whole as 'outdated', are perceived by those affected – quite rightly – as discrimination on religious grounds. Many hopes were therefore pinned on the incorporation of the European anti-discrimination directives of 2000 into German law. These expectations were further reinforced by the fact that, for example, the Presiding Judge of the Federal Labour Court, Harald Schliemann, stated in December 2002 that the churches would have to "prepare themselves to "that their rights in the area of employment contract law and protection against dismissal would be curtailed". [172]

From the churches' perspective, European law still lacked a comprehensive guarantee of the churches' so-called 'right to self-determination', as provided for in Article 140 of the Basic Law. However, discussions and publications as early as 2004, which dealt specifically with the topic of 'discrimination and religion' [173], increasingly made it clear that a wide variety of views were at odds with one another and that the question of protecting *an individual's private autonomy* would be subordinate to the *churches'* institutional *right to self-determination*. This privileged status of the churches was expressly provided for in the EU Directives:

Directive 2000/78/EC, Article 4(2): 'Member States may, in respect of professional activities within churches and other public or private organisations whose ethos is based on religious principles or philosophical beliefs, maintain provisions in their legislation in force at the time of adoption of this Directive or provide for provisions in future legislation, which reflect national practices existing at the time of the adoption of this Directive and under which a difference of treatment based on a person's religion or belief does not constitute discrimination if, by the nature of those activities or the context in which they are carried out, that person's religion or belief constitutes a genuine, legitimate and justified occupational requirement in view of the ethos of the organisation."[174]

Following lengthy delays, a German draft bill was tabled at the end of 2004, which became the subject of public debate in February/March 2005. The European Directives referred to only two grounds: gender and ethnic origin. At the instigation of Bündnis 90/Die Grünen, these characteristics were significantly expanded, and Section 1 of the proposed Act thus states: "The aim of this Act is to prevent or eliminate discrimination on grounds of race or ethnic origin, gender, religion or belief, disability, age or sexual identity."[175]

And in line with the repeatedly expressed assurance to guarantee the churches' protection against discrimination on grounds of their religious orientation, Article 9 states:

'Permissible differential treatment on grounds of religion or belief.

(1) Notwithstanding Section 8 [Unequal treatment on the grounds of occupational requirements], differential treatment on the grounds of religion or belief is permitted in employment by religious societies and associations which have set themselves the task of jointly fostering a particular worldview, is also permissible if a specific religion or worldview constitutes an essential, lawful and justified occupational requirement in view of the self-understanding of the respective

religious organisation or worldview association, given the nature of the specific occupational activity or the conditions under which it is carried out.

(2) The prohibition of differential treatment on grounds of religion or world-view does not affect the right, existing under other legal provisions, of the religious societies or world-view associations referred to in paragraph 1 to require their employees to behave loyally and sincerely in accordance with their respective self-understanding."

In other words: churches, Caritas and Diakonia have (now enshrined in law) the right to set their own criteria for determining which of their employees are not discriminated against but are treated differently on the basis of their 'ethos'.

The churches reacted immediately, criticising that 'freedom of religion and the church's right to self-determination are not sufficiently safeguarded'. 'As the image of God [.] all people are equal. [.] The right to protection against state [!] discrimination is among the fundamental human rights.' Furthermore, there are a 'multitude of denominational associations, professional bodies, institutions, media organisations, etc., which, however, cannot be strictly classified as part of the established churches'.[176] The right to special treatment for these organisations is also being demanded.

III.1.3. How denominational is a private institution?

Time and again during the research, it became apparent that the distinction between denominational institutions and private commercial organisations often describes only the formalities, but not the substantive orientation. Three examples from two fields of activity are intended to illustrate this.

Children's convalescent care

Upon reviewing the individual institutions of *Caritas / the Federal Association of Catholic Care and Rehabilitation Facilities for Children and Young People e.V.*, a closer look revealed that the *children's rehabilitation clinic* in Wangen im Allgäu presents itself as part of the Wangen Specialist Clinics, an institution belonging to *the Waldburg-Zeil Clinics*. The *Waldburg-Zeil Clinics* themselves provide only a very general description of themselves – or, to put it bluntly, a description that says nothing. The only thing mentioned in the self description is the fact that it is a privately-run organisation.

Subsequent research revealed a statement by *the Marburger Bund* (General Practitioners' Association), Baden-Württemberg Regional Association, dated 11 September 2000:

"There was great consternation amongst the staff of the Wangen Specialist Clinics in the spring of 2000. The previous operator, the [Catholic] Liebenau Foundation, had sold the Wangen Specialist Clinics gGmbH to the Waldburg-Zeil Kliniken GmbH & Co KG. However, it was not merely a change of operator; the legal form was also altered at the same time. Understandably, the staff were deeply concerned as to whether their existing remuneration in accordance with the Caritas Employment Contract Guidelines (AVR) and their membership of the supplementary pension scheme would be maintained. After all, the Waldburg-Zeil Kliniken hold a leading position within the Employers' Association of Private Hospitals. [...] For staff employed as at the cut-off date of 1 July 2000, [it was possible] to guarantee the status quo for an indefinite period. They will continue to be paid in accordance with the Caritas AVR, as amended, and will remain insured under the local supplementary pension scheme. [...] Newly recruited staff will be paid in accordance with the collective agreement for private hospitals."

Was it not known between 2000 and 2003 that a change of ownership had taken place, or why is this still referred to as a 'Catholic institution'? One possible explanation might lie with the supervisory board of the Liebenau Foundation (15 members) – which sold this children's hospital. Alongside vicars-general, parish priests and Caritas directors, the board also includes His Serene Highness Johannes, Prince of Waldburg-Wolfegg, and Her Royal Highness Mathilde, Hereditary Countess of Waldburg-Zeil.

Explanation: The Counts of Waldburg-Zeil are an ancient Catholic noble family who have produced bishops and cardinals; 'Bauern-Jörg' – a nobleman who massacred a particularly large number of peasants during the 'Peasants' Wars' of the 16th century – was also a Waldburg-Zeil. Alois Count von Waldburg-Zeil sat in the Bundestag for the CSU until 2002, and Clemens Count von Waldburg-Zeil, who was Finance Director of the Archdiocese of Berlin until 2001, has since been Secretary-General of the German Red Cross.

The *Waldburg-Zeil Clinics* are among the explicitly named sponsors of the *German Association for Social Services in Hospitals (DVSK)*. Other sponsors of this association include, amongst others:

Wittgensteiner Klinken Aktiengesellschaft, which operates and manages hospitals and specialist clinics (Bad Berleburg); Mediclin AG (Offenburg); HUMAINE Gesellschaft für Klinikmanagement mbH (Munich); Lambertus- Publishing House (Freiburg); Pitzer Clinics (Bad Nauheim); Hellmuth-Ulrici Clinics (Sommerfeld); the Fuest Group (Beckum) and the Graf von Oeynhausen-Sierstorpff Group.

Although the name *Lambertus-Verlag* (Freiburg) may mean nothing to non-specialists, it is in fact the 'association's own specialist publishing house for issues and problems in social work' run by the German *Caritas Association (DCV)* in Freiburg. So, they know one another and are all Catholic.

Addiction clinics

In 2001, Joachim Boevelet, until then managing director of *the* non-profit *Gemeinschaftswerk der Franziskanerinnen zu Olpe* (a network of clinics and a member of the Caritas Association), was appointed managing director of *Paracelsus-Kliniken Deutschland GmbH*. On the 25th anniversary of the Paracelsus Berghof Clinic (a specialist clinic for people with addictions), representatives of the Berghof Clinic's main client (the *Federal Insurance Office for Salaried Employees* [BfA] in Berlin) were given a special welcome, and the anniversary celebrations concluded with an ecumenical service.[177]

The privately run specialist clinic Wied GmbH & Co. KG (in the Westerwald) not only offers outpatient support as part of the 'Cooperation Network for Addiction' together with the Altenburg and Westerburg Diaconates and the Caritas Association of Betzdorf, but also emphasises in its mission statement: 'There is an important link with the local church communities. For many years, they have been providing pastoral care for the clinic." [178]

III.1.4. State-run? Denominational?

The question of how quickly a state hospital can become a denominational institution can be illustrated by the example of *Weimar Hospital*. In Weimar (Thuringia), the merger of the municipal *Hufeland Kliniken Weimar GmbH* and the hospital operations of the diaconal *Sophienhaus Weimar Foundation* led to the formation of the joint municipal/diaconal *Sophien- und Hufeland-Klinikum gGmbH*. The city and the Protestant Foundation each hold a 50 per cent stake. The gGmbH became a member of the Diakonisches Werk, and since the Diakonisches Werk is subject to 'church supervision' and the City of Weimar (as a co-shareholder) has consented to the denominational orientation (the church's 'proprium'), the hospital – according to the case law of the 7th Senate of the Federal Labour Court in Erfurt – a charitable institution of a religious community, i.e. no works council, no co-determination.[179]

The interest of denominational bodies in taking over institutions under their auspices can also be explained in economic terms – from the perspective of 'product analysis'.

'If, therefore, a religious provider operates a hospital in its own name and thereby links religious goods with medical services, people will infer from the observable quality of the medical care that they are unlikely to be misled by the religious offering. If the medical care leads to a noticeable improvement for the patient, the quality of the religious information will appear less questionable.'[180]

By contrast, the state's interest in transferring a publicly funded institution to denominational management remains to be clarified.

III.2. Brief historical overview

When considering current issues, it is always useful to bear in mind the historical context of the topic under discussion, i.e. the conditions under which it arose and the objectives behind it. After all, healing the sick and feeding the hungry have always been the most compelling arguments for attracting followers and supporters, or at least for gaining respect. It is a tried-and-tested marketing strategy – one that is still successfully employed today, for example by Islamic 'fundamentalists' in Egypt, who win over the people in Cairo's slums by providing free medical care and soup kitchens.

A historical example: in 1576, the Prince-Bishop of Würzburg, Julius Echter von Mespelbrunn, established 'for all manner of poor, sick, destitute and infirm people in need of wound care and other medical treatment, as well as abandoned orphans and passing pilgrims and needy individuals'[181] a foundation was established by 'deed of foundation': the Juliusspital. The purpose of this foundation was to strengthen the Catholic sphere of influence during the Counter-Reformation through social welfare. To ensure that his foundation could fulfil its purpose, Prince-Bishop Julius Echter von Mespelbrunn had a hospital built and endowed his foundation with rich revenues: farmland, forests and vineyards in prime locations. The foundation's current assets amount to around 72 million euros.

In Protestant regions, the church also endeavoured to alleviate human suffering through 'God's boxes' and 'poor relief funds', but otherwise saw itself more as part of a diaconate and Caritas established by God authority, which sought to tackle poverty primarily through workhouses and penal institutions.

Following the Wars of Liberation in 1813–1815, a ‘social question’ arose on a scale hitherto unknown – by which are meant hunger and poverty, catastrophic working conditions and the political emergence of a labour movement. ‘Peasant emancipation’, the abolition of the estates-based guild system, the economic crisis, rural exodus and the spread of industrialisation led to impoverished masses who lacked any form of social security or protection. The state, the established churches and the bourgeoisie were at first indifferent, then deeply alarmed by the social-democratic labour movement, which extended its criticism of the bourgeois state to include the churches, which were closely linked to the state.

III.2.1. Inner Mission

The driving forces behind the development of Protestant welfare institutions were individuals such as Johann Hinrich Wichern (1808–1881) and Adolf Stöcker (1835–1909), who had personally found their devout Christian revival in Pietism. Being conservative and ‘loyal to the state’, they consequently received substantial support from the German state at an early stage.[182] Pietism – the most influential reform movement within the Protestant Church – was characterised by deep faith, with an emphasis on the Bible. Other mavericks such as Friedrich Oberlin and Friedrich von Bodelschwingh also drew strength from it.[183]

‘Wichern and the Inner Mission viewed social misery / social deviance primarily through the lens of a conscious turning away from God and the Church, and understood it as a consequence of human sin’ and “above all, people who had lost their faith had to be reached once more through the proclamation of the Word of God, something the Church had culpably failed to do until then”. [184] “In circles deeply stirred by religious and social distress, the established Church was regarded with suspicion because of its lifeless form and bureaucracy, and as incapable of awakening life.”

The Church – so Wichern and his fellow campaigners believed – must therefore do penance and make the work of the Inner Mission its own, contributing both financially and with personnel. An offer which the Church firmly rejected.

From 1833 onwards, Johann Hinrich Wichern took in children and young people at his first ‘Rettungshaus’; hostels for migrant workers followed.

These were 'signals against the proletarianisation of society – and against the indifference of the established Church'.[185] The 'Inner Mission', co-founded by Wichern – the name being indicative of its objectives – and the training of deacons initiated by Fliedner worked on three fronts simultaneously: on the one hand, to convince the Church to regard this social work, alongside the proclamation of the Gospel, as part of its mission in this world ('People's Mission'); secondly, to combat the social-democratic labour movement – which regarded religion merely as a private matter and had also taken a political stand against the alliance of throne and altar – and, finally, to oppose the liberal ideas of a separation of church and state, which were seen as a threat to the very existence of the church.

In 1848, Wichern and others founded the *Inner Mission*, the 'General Staff of the Army of Love' in the war against unbelief, poverty and social misery, as the elder Bodelschwingh described it at the turn of the century[186] and it retained its organisational independence alongside the Church (it was not until 1996 that the diaconate was recognised by the EKD as a specific ecclesiastical office) and thus – within the unity of throne and altar – also alongside the state.

In 1945, the *Relief Organisation of the Protestant Church in Germany* (founded by Eugen Gerstenmaier) was established; this was a rival organisation to the Protestant Church for the distribution of American relief supplies in Germany, which eventually ceased to serve its purpose. From 1957 onwards, both organisations merged to form regional church welfare organisations. In 1975, *the Diakonisches Werk der Evangelischen Kirche in Deutschland e.V.* was established as an umbrella organisation, an association characterised by very diverse views on diaconal activity and a high degree of autonomy among its member societies and associations.

Today, the motto is no longer: 'Every soup kitchen is more effective in the fight against social democracy than a thousand speeches', and deacons are also employed by the regional churches under a public-sector employment contract, which starts at pay grade A 9 (approx. 1,834 euros gross) for a new recruit. In senior diaconal roles within the regional churches, the pay scale goes up to A 14, meaning that a care home manager, aged 43, with two children and classified as A 13, receives a salary of around 4,700 euros.[187] Despite their 'lower status' as graduates of universities of applied sciences, some deacons still display a sense of superiority towards church theologians trained at universities, as deacons also study social pedagogy, amongst other subjects, and believe they are more pragmatic and 'closer to the people' than theologians.

III.2.2. Caritas Association

Although the Caritas Association also developed 'from the grassroots', its development differs significantly from that of the Diakonia.[188]

"The establishment and expansion of the social security system by the – initially still closely fused with Protestantism – and the bourgeois communities was aimed both at mitigating the distributional flaws of the liberal market economy and at politically weakening revolutionary protest movements, with a view to integrating broad sections of the population whose livelihoods were existentially affected by industrialisation, and to stabilising and legitimising the existing order of rule. Following the Kulturkampf, forces within the Catholic Church in Germany could increasingly be won over to participation – including through a division of labour – in such an anti-liberal and, above all, anti-socialist programme for the 'dangerously needy', especially as such involvement served both their aspirations for denominational parity, for the relativisation of Protestant hegemony and for the Church to gain legitimacy, and their keen interest in not leaving the state and society to forces hostile to Christianity."

Even at the time of its foundation, the Caritas Association had no primarily religious claim or, indeed, the sense of mission characteristic of a 'revival movement'; rather, it was an attempt to bring together the existing Catholic associations – which were predominantly run by laypeople – under one umbrella and to coordinate the socio-political work of German Catholicism more effectively. However, these intentions were met with suspicion both by the existing Catholic associations – which feared for their influence – and by the official Church – which did not want a central association 'above' the authority of the regional bishops. Due to resistance from both groups, the idea of an umbrella organisation was blocked for years: "On the one hand, there were the established charitable associations, congregations and institutions, which feared an 'umbrella organisation'. On the other hand, the bishops regarded oversight of 'Christian charitable work' as one of their most fundamental duties and showed little inclination to cede authority to an organisation operating outside their sphere of influence."[189]

Just like the Inner Mission, the Caritas Association has historical precursors. These include not only the long traditions of nursing care, but also the founding of associations, of which the Kolping Society is one of the best known. However, the influence of these organisations remained limited.

"Although Adolf Kolping had (co-)founded 'journeymen's associations' as early as the 1840s [of the 19th century], these had little impact on the 'political' Catholicism of his time due to their patriarchal 'small-group nature' had little impact on the 'political' Catholicism of his time. The work of W. E. Ketteler (1811–1877), who devised political concepts for resolving the social question, had more pronounced and political consequences: he moved beyond the socially romantic notions of calls for increased charitable aid and demanded *state* intervention and targeted socio-political measures. His ideas became the starting point for 'Catholic social teaching' and the basis of the Centre Party's socio-political programme."[190]

(In this respect, it is understandable why the Catholic Church sees no contradiction between public/state funding and the 'charitable work of the Church' paid for by it.)

The 'social question' had been debated at the annual Catholic Congresses since the 1860s; in 1880, the organisation *Arbeiter-wohl* was founded, and in 1890 the *People's Association for Catholic Germany* was established, as "an attempt no longer to combat capitalism itself, but rather its excesses, in order thereby to resolve the social question and, at the same time, to push back the expanding 'godless and unpatriotic social democracy', whose rapid growth – as was correctly recognised – benefited primarily from these social tensions".[191]

In 1891, Pope Leo XIII published the first social encyclical, 'Rerum Novarum', and following the end of the 'Kulturkampf' (1870–1886) – which was more a conflict between the nation-state and Catholic 'ultramontanism', i.e. the orientation or dependence of the Catholic Church in Germany on Rome ('beyond the mountains'), than a general struggle against the Catholic Church – it then became possible to at least draw level with the Protestant Inner Mission as an organisation.

In 1895, the priest Lorenz Werthmann founded the first 'Charitas Committee' in Freiburg in 1895 and also became chairman of *the Charitas Association for Catholic Germany*, founded in Cologne in 1897. In the spirit of his time, Werthmann had explicitly called for the association by referring to the Inner Mission, which was supported by the Prussian state:

'Why should we organise ourselves? Let us learn something from our opponents for once. They have long since clearly recognised the benefits of organisation. [...] Do we not even consider that nowadays we are no longer the only ones engaged in this peaceful competition, but that on both sides [Protestant, C.F.] there are societies, associations and co-operatives with substantial resources and great intellectual capabilities, and under the special protection of the powerful of this world, are at work, slowly and steadily making ever gaining ground and conquering territory?

It is surely the duty of Catholics to open their eyes, lest they be outflanked by their opponents in the various fields of Caritas and, moreover, have the best and most influential forces lured away from their own ranks."[192]

The association was established under the motto: 'Publish, Study, Organise', whereby – in contrast to *the* Protestant *Inner Mission* – 'missionary work' was absent.

In 1916, 'following more or less latent concessions within the Church regarding episcopal rights of control, and with the Association relinquishing its centralised powers of control, the social service was recognised by the bishops as *the German Caritas Association* of the Catholic Church and thus placed under their supervision'. And today: 'In Germany, as a result of the legal framework and favourable material conditions, the official structure of the Church's Caritas has been impressively expanded.' 193

In particular, following the 'financial scandals' within the Catholic Church that attracted considerable public attention (*Caritas Trägergesellschaft Trier*, *Deutscher Orden Hospitalwerk*), the relationship between the episcopate and Caritas has been reorganised. Until the early 1990s, the bishops had exerted strong influence over staffing decisions by 'varying' their grants in accordance with the fulfilment of their wishes.

"Furthermore, the most important thing was '[…] that someone was Catholic'. This post-based funding was abandoned [ ]; it was converted to so-called 'pillar funding': for counselling, migration services, marriage and parenting counselling, care, etc. (until around the mid-1990s). Now, only an institutional grant is awarded. This is budgeting without any conditions attached, which gives us freedom of action.

The trend towards decentralisation within the CV has brought autonomy to the district CVs. However, the limits of this autonomy became apparent in the dispute over counselling for women facing pregnancy conflicts. Some districts thought they could simply carry on as before. Otherwise, the bishop's supervisory role is entirely delegated to the DCV, and the DCV has the means to exercise budgetary oversight; […]."[194]

III.3. The German Caritas Association

With around forty per cent of the workforce, the German Caritas Association is the largest association within the Federal Association of Independent Welfare Organisations. Around 500,000 staff are employed in some 25,500 facilities and services, which provide around 1.2 million places and beds (*Overview 52*).

Between 1960 and 2003, the number of facilities fell by a good quarter (27.2 per cent). By contrast, the number of places/beds rose by almost half (42.5 per cent), whilst the number of employees virtually 'exploded', more than tripling: by 263 per cent from 137,496 to 499,313 staff members. In the last four years, the number of facilities and the number of places and beds have been steadily and slowly declining, whereas – at first glance – the number of staff continues to rise.

Overview 52: Key figures for the German Caritas Association

Year	*Facilities / Services*	*Beds / Places*	*Staff*
1960	34,993	834,032	137,496
1975	24,824	1,137,290	248,174
1984	28,008	1,050,925	301,690
1999	26,063	1,238,711	476,186
2001	25,699	1,233,809	495,219
2003	25,460	1,188,503	499,313

Sources: 1960: Kirchliches Handbuch. Official Statistical Yearbook of the Catholic Church in Germany by Franz Groner (no place, no date). Volume XXVII: 1969–1974. p. 75;
1975: Rudolph Bauer, Welfare Organisations in the Federal Republic, Weinheim et al. 1978, p. 225;
1984: BAGFW: The Umbrella Organisations of Independent Welfare Services, Freiburg 1985, p. 62;
1999, 2001, 2003: German Caritas Association, The Catholic Social Institutions and Services of Caritas in the Federal Republic of Germany.

A closer, up-to-date examination of the individual areas of activity shows (*Overview 53*) that only *support for people with disabilities* – an area in which Caritas has traditionally been less active than Diakonia – is exempt from these reductions in both respects, and that *care for the elderly* has expanded, at least in terms of the number of places/beds. All other areas of activity have declined. Family support – Caritas's smallest area of activity – saw a reduction of almost a third in the number of places between 1999 and 2003.

This general trend towards a reduction in facilities and places could indicate a process of consolidation – or the closure of facilities. However, the rise in staff numbers does not quite fit with this picture.

If the number of staff is broken down by type of employment – full-time or part-time (*Overview 54*) – it becomes clear that employment patterns are shifting quite dramatically towards part-time staff. In 1975, of the 248,174 staff, only 49,430 were employed part-time, i.e. 19.9 per cent. By 1999, two-fifths (40.6 per cent) of staff were already employed part-time, and by 2003 this figure had risen to just under half (48.7 per cent).

Table 53: Facilities / Places – Beds / Staff of the German Caritas Association 1999, 2001, 2003 – respective changes

Areas of activity	1999	%	2001	%	99–01	2003	%	01–03	99–03
				Facilities					
Healthcare	3,300	12.7	3,153	12.3	- 4.5	3,179	12.5	+ 0.8	- 3.7
Youth welfare	12,977	49.8	12,800	49.9	- 1.4	12,724	50.0	- 0.6	- 1.9
Family support	1,191	4.6	1,059	4.1	- 11.1	971	3.8	- 8.3	- 18.5
Care for the elderly	3,035	11.6	3,000	11.7	- 1.2	2,940	11.5	- 2.0	- 3.1
Support for people with disabilities	1,747	6.7	1,959	7.6	+ 12.1	1,958	7.7	- 0.05	+12.1
Further assistance	3,813	14.6	3,728	14.5	- 2.2	3,688	14.5	- 1.1	- 3.3
Totals	*26,063*	*100*	*25,699*	*100.1*	*- 1.4*	*25,460*	*100*	*- 0.9*	*- 2.3*
				Places / Beds					
Healthcare	157,047	12.7	151,509	12.3	- 3.5	141,364	11.9	- 6.7	- 10.0
Youth welfare	785,909	63.4	774,579	62.8	- 1.4	739,937	62.3	- 4.5	- 5.8
Family support	9,309	0.8	8,561	0.7	- 8.0	6,383	0.5	- 25.4	- 31.4
Care for the elderly	126,778	10.2	131,843	10.7	+ 4.0	133,231	11.2	+ 1.1	+ 5.1
Support for people with disabilities	103,796	8.4	116,027	9.4	+11.8	115,002	9.7	- 0.9	+10.8
Further assistance	55,872	4.5	51,290	4.2	- 8.2	52,585	4.4	+ 2.5	- 5.9
Totals	*1,238,711*	*100*	*1,233,809*	*100.1*	*- 0.4*	*1,188,503*	*100*	*- 0.4*	*- 4.1*
				Employees					
Healthcare	225,881	47.4	230,926	46.6	+ 2.2	222,057	44.5	- 3.8	- 1.8
Youth welfare	104,171	21.9	102,106	20.6	- 2.0	101,765	20.4	- 0.3	- 2.3
Family support	4,358	0.9	4,260	0.9	- 2.3	4,577	0.9	+ 7.4	+ 5.0
Care for the elderly	78,807	16.6	87,991	17.8	+11.7	95,352	19.1	+ 8.4	+21.0
Support for people with disabilities	46,414	9.7	52,787	10.7	+13.7	55,456	11.1	+ 5.1	+19.5
Further assistance	16,555	3.5	17,149	3.5	+ 3.6	20,106	4.0	+ 17.2	+21.5
Totals	*476,186*	*100*	*4 95,219*	*100.1*	*+ 4.0*	*499,313*	*100*	*+ 0.8*	*+ 4.9*

Source: German Caritas Association: The Catholic social institutions (and services) of Caritas in the Federal Republic of Germany, as at 1 January 1999, 2001, 2003.

Table 54: Employees of the German Caritas Association by full-time/part-time status, 1999, 2001, 2003 – respective changes

Year	1999	%	2001	%	+ / -% 99–01	2003	%	+ / -% 01–03	+ / - 99 – 03
				All facilities / services					
Full-time staff	282,961	59.4	285,189	57.6	+ 0.8	256,250	51.3	- 13.8	- 9.4
Part-time staff	193,225	40.6	210,030	42.4	+ 8.7	243,063	48.7	+ 15.7	+ 25.8
Totals	*476,186*	*100*	*495,219*	*100*	*+ 4.0*	*499,313*	*1 00*	*+ 0.8*	*+ 4.9*

Source: German Caritas Association: The Catholic social institutions (and services) of Caritas in the Federal Republic of Germany, as at 1 January 1999, 2001, 2003.

What at first glance appears to be an increase in the number of jobs in 2003 – which is indeed the case if one counts only the number of posts – turns out to be the opposite when the number of posts is converted to volume, i.e. counting part-time posts as 50 per cent of full-time staff. The figures then look different (*Table 55*): the number of full-time staff falls.

Table 55: Full-time staff at the German Caritas Association in 1999, 2001 and 2003

Year:	*1999*	*2001*	*2003*	*1999 / 2003*
Full-time staff	379,574	390,204 *(+2.8%)*	377,782 *(-3.2%)*	*(- 0.5%)*

There was therefore also a reduction in the volume of work between 2001 and 2003, which is only masked by the fact that the number of part-time posts increased (by 16 per cent) whilst the number of full-time posts fell (by 14 per cent). Whether these changes resulted from the conversion of full-time contracts into part-time contracts (which would imply a net increase of 4,094 jobs) or whether the reduction in full-time posts represented redundancies and new part-time hires (a gross change of 61,972 staff) could only be clarified by a detailed analysis. The fact that the reduction is occurring simultaneously across all three parameters – facilities/services, places/beds and workload – suggests, in times of tight budgets and declining grants, that facilities and services are being closed or scaled back.

III.4. The Diakonisches Werk

Organised into 24 regional and 90 specialist associations – and with the collaboration of the diaconal institutions of nine free churches (Mennonites, The Salvation Army, the Independent Protestant Lutheran Church, Methodists, the Moravian Church, Old Catholics, the Federation of Free Protestant Churches, the Federation of Protestant Free Churches, the Protestant Old Reformed Church) – the Diakonisches Werk is, in its own words, 'the focal point for all diaconal and popular missionary work of German Protestant Christianity'.[195]

Membership of the Diakonisches Werk e.V. is something akin to a Protestant-theological 'certificate of good standing'. Financially risky ventures (such as housing associations and church banks) are not admitted. The specialist associations include, amongst others, the *Association of Christian Hotels*, the *Christoffel Mission for the Blind*, the *Young Men's Christian Association* (YMCA) and the *Ring of Missionary Youth*, as well as the *German High-Altitude Clinic Foundation in Davos* and the *German Seamen's Mission*.

However, the following account will focus solely on the narrower scope of what is generally understood by the term 'Diakonia': the 'welfare and charitable' institutions, i.e. hospitals, care homes and social services.

What is particularly striking about these figures (*Table 56*) are the changes. Whilst the number of institutions rose by 70 per cent over the twenty years from 1978 to 1998 (i.e. including the 'increase' in the eastern federal states since 1989) by 70 per cent (after which it fell again) and the number of beds/places rose by 51 per cent, the number of full-time staff rose by 95 per cent, meaning it almost doubled.

Overview 56: Key figures for the Diakonisches Werk

Year	*Facilities / Services*	*Beds / Places*	*Staff*
1975	19,400	729,000	175,000
1978	17,780	713,038	215,000
1984	17,877	809,343	263,000
1998	30,139	1,078,207	419,438
2000	26,205	1,040,551	400,480
2002	27,301	1,054,923	452,244

Sources: 1975: Rudolph Bauer, Welfare Organisations in the Federal Republic of Germany, Weinheim 1978, p. 328; 1984: BAGFW: The Umbrella Organisations of Independent Welfare Services, Freiburg 1985, p. 60; 1978: Alfred Jäger, Diakonia as a Christian Organisation, Gütersloh, 1986, p. 155;
1998, 2000, 2002: Diakonisches Werk der EKD, Statistics on Institutions.

This increase in all key figures relating to institutions, places and staff then declined again across the board from 1998 to 2000 (*Table 57*).

The number of institutions and services fell by thirteen per cent, whilst the number of employees also decreased by five per cent. However, the number of places/beds (with a decline of three per cent) remained comparatively stable. (Only the small sub-sectors of *Special Support* and *Training* still showed growth rates.) These changes suggest a trend towards consolidation of facilities (mergers of facilities, services and providers), in which the number of facilities and providers decreases whilst the number of places remains relatively stable, and, in particular (for cost reasons), the number of staff is reduced.

From 2000 to 2002, all key figures relating to the number of institutions and beds/places did rise again – albeit only slightly, by 1.4 per cent and 4 per cent respectively – whilst the number of employees increased by a full 13 per cent, or 51,764 posts.

Table 57: Facilities / Places – Beds / Staff at the Diakonisches Werk
1998, 2000, 2002 – respective changes

Areas of activity	1998	%	2000	%	+ / -% 98–00	2002	%	+ / -% 00–02	+ / - 98 02
				Facilities					
Healthcare	1,270	*4.2*	1,061	*4.0*	- 16.5	1,107	*4.1*	+ 4.3	*- 12.8*
Youth welfare	11,080	*36.8*	10,774	*41.1*	- 2.8	11,238	*41.2*	+ 4.3	*+ 1.4*
Family support	4,034	*13.4*	2,889	*11.0*	- 28.4	2,863	*10.5*	- 0.9	*- 29.0*
Care for elderly	4,761	*15.8*	3,271	*12.5*	- 31.3	2,933	*10.7*	- 10.3	*- 38.4*
Support for people with disabilities	2,574	*8.5*	2,154	*8.2*	- 16.3	2,655	*9.7*	+23.3	*+ 3.1*
Special assistance	4,520	*15.0*	4,017	*15.4*	- 11.1	4,617	*16.9*	+14.9	*+ 2.1*
Other assistance	1,374	*4.6*	1,522	*5.8*	+10.8	1,369	*5.0*	- 10.1	*- 0.4*
Training /education	526	*1.7*	517	*2.0*	- 1.7	519	*1.9*	+ 0.4	*- 1.3*
Totals	*30,139*	*100*	*26,205*	*100*	*- 13.1*	*27,301*	*100*	*+ 3.8*	*- 9.4*
				Places / Beds					
Healthcare	71,603	*6.6*	64,938	*6.2*	- 9.3	70,574	*6.7*	+ 8.7	*- 1.4*
Youth welfare	607,558	*56.3*	603,830	*58.0*	- 0.6	614,887	*58.3*	+ 1.8	*+ 1.2*
Family support	20,469	*1.9*	16,729	*1.6*	- 18.3	14,406	*1.4*	- 13.9	*-29.6*
Care for elderly	160,538	*14.9*	154,635	*14.9*	- 3.7	155,975	*14.8*	+ 0.9	*- 2.8*
Support for people with disabilities	138,723	*12.9*	123,093	*11.8*	- 11.3	139,300	*13.2*	+13.2	*+ 0.4*
Special assistance	35,069	*3.3*	26,482	*2.6*	- 24.5	23,613	*2.2*	- 31.2	*-32.7*
Other assistance	11,166	*1.0*	9,208	*0.9*	- 17.5	8,494	*0.8*	- 7.8	*-23.9*
Training / education	33,081	*3.1*	41,636	*4.0*	+25.9	28,034	*2.6*	- 32.7	*-15.3*
Totals	*1,078,207*	*100*	*1,040,551*	*100*	*- 3.5*	*1,054,923*	*100*	*+ 1.4*	*- 2.2*
				Employees					
Healthcare	116,577	*27.8*	105,278	*26.3*	- 9.7	115,801	*25.6*	+10.0	*- 0.7*
Youth welfare	94,462	*22.5*	91,306	*22.8*	- 3.3	98,292	*21.7*	+ 7.7	*+ 4.1*
Family support	36,257	*8.6*	31,388	*7.8*	- 13.4	35,642	*7.9*	+13.6	*- 1.7*
Care for elderly	84,425	*20.1*	81,212	*20.3*	- 3.8	99,066	*21.9*	+22.0	*+17.3*
Support for people with disabilities	64,902	*15.5*	63,354	*15.8*	- 2.4	78,581	*17.4*	+24.5	*+21.1*
Special assistance	10,556	*2.5*	12,789	*3.2*	+21.2	10,544	*2.3*	-17.6	*- 0.1*
Other assistance	7,800	*1.9*	9,280	*2.3*	+19.0	9,730	*2.2*	+ 4.8	*+24.7*
Training / education	4,459	*1.1*	5,873	*1.5*	+31.7	4,498	*1.0*	-23.4	*+ 0.9*
Totals	*419,438*	*100*	*400,480*	*100*	*- 4.5*	*452,244*	*100*	*+12.9*	*+ 7.8*

Source: Diakonisches Werk der Ev. Kirche in Deutschland: Facility statistics 1998, 2000, 2002.

Given a comparatively small increase in the number of institutions and places/beds, a striking rise in the number of employees suggests a structural change in employment patterns.

This assumption holds true (*Table 58*) insofar as the reduction of 19,958 employees between 1998 and 2000 affected almost exclusively full-time employees, whose number fell from 245,733 to 227,288, whilst part-time employees were only marginally affected (from 173,705 to 173,192). The surprisingly large increase in the number of employees from 2000 to 2002 occurred in both types of employment, but of the

51,764 'new' employees, only 16,246 (or 31.4 per cent) were full-time employees, whilst 35,518 (or 68.6 per cent) were part-time employees.

Table 58: Employees of the Diakonisches Werk by full-time/part-time status in 1998, 2000 and 2002 – respective changes

Year	1998	%	2000	%	+ / – % 98–00	2002	%	+ / – % 00–02	+ / - 98 – 02
				All facilities / services					
Full-time staff	245,733	58.6	227,288	56.8	- 7.5	243,534	53.9	+ 7.1	- 0.9
Part-time staff	173,705	41.4	173,192	43.2	- 0.3	208,710	46.1	+ 20.5	+ 20.2
Totals	*419,438*	*100*	*400,480*	*100*	*- 4.5*	*452,244*	*100*	*+ 12.9*	*+ 7.8*

Source: Diakonisches Werk der Ev. Kirche in Deutschland: Organisation statistics 1998, 2000, 2002.

Consequently, between 1998 and 2002, the *proportion of part-time employees* rose from 41.4 per cent to 46.1 per cent; whilst the number of full-time employees in 2002 remained below the 1998 level, the number of part-time employees increased not only in relative terms but also in absolute terms.

This trend therefore runs parallel to that of Caritas; however, amongst the staff of the Diakonisches Werk, the number of employees in *both* types of employment is rising:

Table 59: Full-time staff at the EKD's Diakonisches Werk in 1998, 2000 and 2002

Year	*1998*	*2000*	*2002*	*1998/2002*
Full-time staff	332,586	313,884 *(–5.6%)*	347,889 *(+10.8 per cent)*	*(+4.6 per cent)*

The statistics for 2004 will show whether the DW has continued to follow this trend or, in the meantime, has 'restructured' in a similar way to Caritas.

However, trends can already be identified in the changes across individual areas of activity.

- The clearest example of a *decline* is *family support*, where (between 1998 and 2002) the number of facilities and places fell by 29 per cent in each case, and the number of staff in 2002 remained below the 1998 figure despite positive trends.
- The *trend towards consolidation* is particularly evident in the area of *care for the elderly*. The number of care homes/services fell by 38.4 per cent between 1998 and 2002 (or by 1,828 care homes/services/providers), whilst the number of places remained fairly stable (160,538 / 154,635 / 155,975); however, following an initial slight reduction, the number of employees then rose from 2000 to 2002 by 22 per cent, with 14,641 more employees working in this

sector than in 1998. A similar trend applies to *support for people with disabilities* and, to a significantly lesser extent, to *assistance in cases of particular social hardship*.

- In terms of the number of employees, *healthcare* remains the most important sector in 2002 as well, despite a slight decline in numbers, accounting for a quarter (25.6 per cent) of the workforce. These are followed by *youth support* – including childcare centres – and *care for the elderly*, each accounting for just over a fifth of staff (21.7 per cent and 21.9 per cent respectively). Accordingly, just over two-thirds of all Diakonia staff (69.2 per cent) are employed in these three sectors. The remaining fields of activity account for the remaining third of staff: support for people with disabilities (17.4 per cent), family support (7.9 per cent), assistance in specific social emergencies (2.3 per cent), other forms of support (2.2 per cent) and staff involved in training and further education (1.0 per cent).

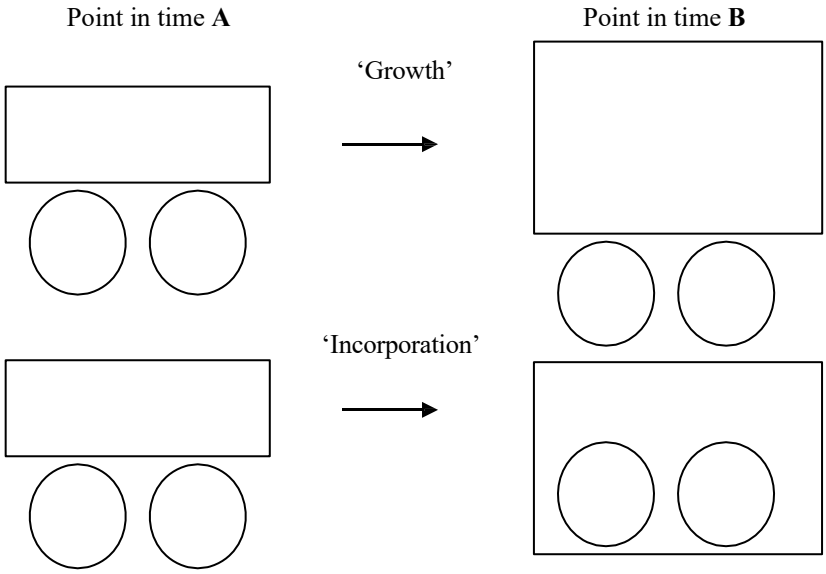
Digression XI: Growth or incorporation?

When discussing changes over time in the numbers of staff and facilities at the German Caritas Association and the Diakonisches Werk, people usually speak of 'more' or 'less'. But what does that mean? A 'positive' change (= an increase in the figures) is generally regarded as 'more' output. However, this need not necessarily be the case.

The following chart illustrates this 'growth', i.e. the (rectangular) area at point A has actually increased in size by point B, meaning that the overall activities have indeed expanded.

In the lower graph, the (rectangular) area does indeed become larger, but only because two institutions that previously existed outside this area have been included or 'incorporated': the total activities in the field do not therefore increase, i.e. the growth is only apparent. It is only the association as such, or the organisation, that has grown in terms of membership.

It is not possible to determine from the association's figures which of the two changes is occurring in each case, and this would require further clarification. For example, many of the institutions involved in the 'Aufbau Ost' (see Excursus XVI) represent not growth but 'incorporations', as these often involved the takeover of existing institutions.



Digression XII: Extensivity or Intensity?

The sense of a 'close-knit' community, in which everyone knows one another and everyone is 'pulling in the same direction', seems to evaporate as an organisation grows in size. The sense of identification felt by the members of an organisation or the employees of a company – the 'we' that stems from a substantive, inner bond – often weakens as a company expands. 'Corporate identity' – which, admittedly, also sought to foster an inner connection amongst all employees – is often enough limited to the same 'work uniforms' and the consistently used company logo, which, in its recognisable outward appearance, could at least be compared to a monk's habit, a nun's habit or a deaconess's habit and the use of the cross. 'Corps spirit' amongst those in uniform (which originated in conservative, weapon-bearing academic fraternities and was then transferred to the military), on the other hand, explicitly refers to the 'inner attitude' comprising a definable set of 'virtues' and 'convictions'.

So what does it mean when the then Vicar General of Cologne (and Vice-President of the German Caritas Association), Norbert Feldhoff, expresses criticism of the growth (of Caritas)?

"The Church's extensive presence in Germany is greater than its intensive presence. […] The depth of faith no longer corresponds to its socially far-reaching activities, and this discrepancy between the internal and the external is sapping the Church's strength. One reason for this development is that even within the Church, people have often succumbed to the temptations of money. It was possible to take on a new role because it was funded (from church tax revenue or through grants), and so the number of institutions and staff grew. Compromises were often made when selecting staff. Many were interested only in a job, but not really in serving the Church. This certainly does not apply to all church staff, but unfortunately this undesirable trend is by no means an isolated case. Thus, the institutions grew, but the Church's credibility did not. The Church cannot effectively proclaim and make the Kingdom of God present in this world through institutional strength, but only through the witness of faith and love in action. Now that money is becoming scarcer, I certainly see this as an opportunity for a change of heart. It is not financial resources that should determine the Church's activities, but solely the committed, personal dedication of its members." [196]

In doing so, he espouses the 'Roman view' that a small group with 'strong faith' (meaning: strong in mission) is more meaningful and better for the Church's future prospects than a 'lax bunch' of followers. Accordingly, at least two-thirds of Caritas staff (and around three-quarters of Diakonia staff) would have to be made redundant (*see III.1.2. Confessional nature of the organisations*).

Steffen Fleßa (a Protestant and professor of health economics at the University of Heidelberg) sees his question – 'Where are the Good Samaritans?' [197]– not as a demand on staff but as a 'call for a change in thinking' on the part of the major organisations. Since (in his view) Caritas and Diakonia invoke the biblical Samaritan, this parable should be quoted:

'[…] Who, then, is my neighbour? 30 Jesus replied, "A man was going down from Jerusalem to Jericho, and he fell into the hands of robbers; they stripped him, beat him and went away, leaving him half dead. 31 By chance a priest was going down that road; and when he saw him, he passed by on the other side. 32 Likewise a Levite, when he came to the spot and saw him, passed by on the other side. 33 But a Samaritan, as he journeyed, came to where he was; and when he saw him, he was moved with compassion, 34 went to him, poured oil and wine on his wounds and bandaged them; then he set him on his own donkey, brought him to an inn and looked after him. 35 The next day he took out two silver coins and gave them to the innkeeper, saying to him, 'Look after him, and if y ou spend any more, I will repay you when I return.' 36 Which of these three do you think was a neighbour to the man who fell among the robbers ?

37 He replied, ‘The one who showed him mercy.’ Then Jesus said to him, ‘Go and do likewise.’ (Luke 10:29–37)

Fleßa then sums up this parable as follows: ‘It was not the Samaritan who nursed the injured man back to health, but the innkeeper, who is paid a fair wage for doing so. That is why Jesus does not praise the innkeeper, who conducts a normal business transaction, but the Samaritan, who pays the innkeeper.” Fleßa insists that Caritas and Diakonia have swapped roles and have become more like innkeepers than Samaritans. And given that charitable organisations cannot withstand the competitive pressure from commercial enterprises, he suggests obtaining funding from them. “Where commercial competition arises, there is room for negotiation regarding sales! It becomes possible to sell retirement homes, hospitals, care services, facilities for people with disabilities, etc., at a profit.”

Conclusion: “The commercialisation of the social sector is therefore a blessing for Christian organisations, which can finally, without a guilty conscience, hand over their role as hosts to competent hands and rediscover their calling as Samaritans.”

Even though Feldhoff and Fleßa come from different backgrounds, their aim and their demand are essentially the same: to streamline! To return to the true Christian – that is, biblical – objectives and tasks. Thus, at times – in an era when church taxes are no longer rising as they used to and state subsidies are being cut – a good opportunity has arisen to use the financial argument – which is, however, regarded here as a pretext – to close down denominational institutions with which one has not really identified, or for which a denominational orientation and leadership can no longer be guaranteed as desired.

IV. Fields of activity

The Caritas Association and the Diakonisches Werk divide their activities – according to the SGB (Social Law Book) – into:

1. Healthcare and medical assistance (SGB IV, V, VII)
2. Youth welfare (SGB III, VII, VIII, BSHG)
3. Family support (SGB IV, VII, BSHG)
4. Care for the elderly (SGB IV, VI, XI)
5. Support for people with disabilities (SGB VI, BSHG)
6. Assistance in special social emergencies (BSHG, and many others)

The Diakonisches Werk has a further category of 'Other' support, which encompasses all facilities that do not fit into the prescribed framework, be they certain hotels, student halls of residence or Bible and mission schools.

IV.1. Concentration and Diversity

Within the six specified areas of activity, further institutions and services are then grouped together into homogeneous fields of activity. In a comprehensive overview of both organisations, this amounts to 161 different fields of activity covered by institutions and services.

IV.1.1. Institutions

In the summary of institutions run by the Caritas Association and the Diakonisches Werk, around half of all institutions fall into just four areas of activity: nurseries (37 per cent), care homes for the elderly (5 per cent), social welfare centres (4.7 per cent) and self-help groups (4.2 per cent) – together 50.9 per cent of all organisations.

Overview 60: Areas of activity / Organisations

Rank	*Field of activity*	*Facilities*	*Proportion /*	*Cumulative*
1	Nursery schools	19,206	37.0%	*37.0%*
2	Care homes with nursing wards	2,580	5.0%	*42.0%*
3	Community care centres	2,430	4.7%	*46.7%*
4	Self-help/support groups	2,171	4.2%	*50.9%*

Although the rankings of the organisations differ between the Caritas Association and the Diakonisches Werk, the basic principle remains the same in each case: more than half of all the Association's organisations are covered by four or five areas of activity.

This concentration of organisations in four areas of activity and the diversity of the remaining 157 areas of activity becomes even clearer when considering the number of places / beds in the organisations.

IV.1.2. Number of places / beds

For both organisations, childcare centres are by far the dominant area of activity in terms of the number of places (*Overview 61*). In total, 55 per cent of all places across both organisations are in this segment (Caritas 57.3 per cent, Diakonisches Werk 52.0 per cent).

Overview 61: Areas of activity / Places – Beds

Rank Field of activity	*Places / Beds*	*Proportion*	*/ Cumulative .*
1 Nurseries	1,247,602	54.9%	*54.9%*
2 care homes with nursing wards	226,892	10.0%	*64.9%*
3 General hospitals	151,098	6.6%	*71.5*
4 Workshops for people with disabilities	89,977	4.0%	*75.5*

Including this dominance of nursery schools, the four areas of activity with the highest number of places and beds – nursery schools, care homes for the elderly with nursing wards, general hospitals, and recognised workshops for people with disabilities – already account for three-quarters (75.5 per cent) of all places and beds provided by the two denominational welfare organisations. This order is also the same for both organisations.

IV.1.3. Number of employees

Although the concentration in the number of employees is not quite as pronounced as in the number of places, the expected correlation between the number of places/beds and the number of employees is clear (*Overview 62)*.

Table 62: Fields of activity / Employees

Rank Field of activity	*Employees*	*%*	*/ Cumulative*
1 General hospitals	252,009	28.1%	*28.1%*
2 Residential care homes and nursing homes	176,844	19.7%	*47.8%*
3 Nurseries	136,052	15.2%	*63.0%*
4 social services centres	49,186	5.5%	*68.5*
5 residential homes for people with multiple disabilities	46,771	5.2%	*73.7%*
6 residential homes / supported accommodation for young people	22,872	2.6%	*76.3 %*
7 workshops for people with disabilities	20,052	2.2%	*78.5*

These seven areas of activity already account for more than three-quarters of the 894,699 people employed by Caritas and Diakonia.

With regard to the distinction between *full-time and part-time employees*, it can be observed that in the predominant areas of activity (with the exception of social welfare centres), the proportion of employees working part-time is below average. Part-time employment is above average in outpatient/open support services and in the vocational colleges of both organisations.

The following (alphabetical) list of fields of activity represents three-quarters (77 per cent) of the facilities and a good four-fifths (84 per cent) of the places and beds, as well as all employees (84 per cent) at the two denominational associations:

Overview 63: Fields of activity described / proportions

Field of activity	*Facilities*	*Places*	*Staff*
Residential care homes for the elderly	4,415	281,400	176,844
Railway Station Mission	99	0	315
Counselling centres	5,560	0	16,918
Child and youth welfare services	4,635	123,875	63,224
Day-care centres for children	19,206	1,247,602	136,052
Hospitals	733	175,985	283,819
Mother-and-child health retreats	63	4,737	1,663
Ambulance services / patient transport	943	0	8,977
Social care centres	2,476	0	51,470
Tracing service	3	0	62
Addiction support	879	6,657	6,354
Telephone counselling	106	0	460
Association Work / Central Services	986	0	26,159
Workshops for people with disabilities	568	91,219	20,052
Total:	40,672	1,931,475	792,369
Of a total of:	53,000	2,288,732	947,463
Percentage:	*76.7%*	*84.4%*	*83.6%*

Sources: German Caritas Association for 2001, Diakonisches Werk for 2002.

The selection includes the areas of activity with the highest turnover (such as hospitals) and a number of smaller but very well-known areas of activity (such as railway station missions, telephone counselling services and emergency services). As the available information on areas of activity does not 'fit exactly' with the categorisations used by Caritas and Diakonia, individual areas have been grouped together or distinguished differently from the statistical overviews provided by the two organisations.

IV.2. Areas of activity

in (german) alphabetical order

Residential care homes and nursing homes 146
Railway station mission 166
Advice centres 174
Child and youth welfare services (excluding nurseries) 181
Day-care centres 184
Hospitals 195
Mother-and-child health retreats 208
Emergency services / Patient transport 218
Social care centres 221
Tracing service 233
Addiction support 235
Telephone counselling 245
Association work / Central services 253
Workshops for people with disabilities 265

Residential care homes and care s for the elderly

Financial volume	18.3 billion euros

Legal basis
Residential Care Homes Act, Social Code Book XI (Social Long-Term Care Insurance)

Funding
Long-term care insurance, private funds, social assistance, government grants

Methodological Prelude

This area of activity serves as an example to illustrate the methodological problems encountered in compiling a report on the health and social care sectors in Germany. With the exception of hospitals and childcare centres, for which nationwide statistics have been compiled for many years – at least as regards the number of facilities and their operating bodies – other sectors can only be captured and described to a (very) limited extent using the available data.

Even the *type of facility* cannot be precisely defined, as the Care Homes Act does not provide a clear definition of the term 'care home'. It states (in Section 1):

"Care homes, within the meaning of this Act, are establishments which serve the purpose of accommodating elderly people or adults in need of care or with disabilities, providing them with accommodation as well as care and meals, and which are not dependent on changes in the number of residents and are operated on a fee-paying basis."

It is also clear that this does not include short-term care facilities or inpatient hospices (Section 1, 3), nor specialist hospitals or residential colleges run by vocational training and employment support organisations (Section 1, 4). Semi-residential facilities (Section 1, 5) and homes for people with disabilities (Section 1, 1), on the other hand, are covered by this definition.

The criteria regarding care home residents are: 1. *Older* people, 2. People *in need of care*, 3. *People with disabilities*, and 4. *Adults*. A distinction must therefore be made with regard to the type of care home:

- *Retirement home*: Self-contained small flats or apartments within a care home, allowing for independent and self-sufficient living. (Often referred to as 'senior residences' for the more affluent and in the case of expensive providers residence'.) Centralised services can be utilised as required.

- *Retirement home*: Homes for people who, whilst not in need of nursing care, are no longer able to run a household independently. Rooms with their own furniture and en-suite facilities. Cleaning and meals are provided by the home.
- *Care home for the elderly*: Single or shared rooms with only a few personal items of furniture and comprehensive (physical) care provision.
- *Residential home for people with disabilities*: A care home designed and run with facilities and support suitable for people with disabilities.
- *Semi-residential* care *facilities*: Day or night care centres, i.e. those in need of care are present there exclusively during the day or at night.
- *Supported living*: Residential complexes designed to be age-appropriate ('barrier-free'), which provide basic domestic services whilst residents live independently, and where additional services (meals, laundry, housekeeping, nursing care) can be arranged.

Depending on how the different types of facility are categorised and recorded, there is a wide variety of figures regarding the number of facilities and the number of places and beds. The official 2001 care home statistics from the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth cite 12,555 care facilities for the elderly and people with disabilities (with 877,330 places); of these:

8,448 care homes for the elderly with 716,984 places	100.0%	81.7%
Of these, 59,687 are places in residential homes for *the elderly*	*8.3%*	*6.8%*
43,060 places in care homes for the *elderly*	*6.0%*	*4.9%*
559,983 *nursing home* places	*78.1*	*63.8%*
and 54,254 places in multi-unit facilities	*7.6%*	*6.2%*
4,107 care homes for people with disabilities with 160,346 places		18.3%

In addition, there are 1,918 short-term care facilities with 14,328 places, which, however, are not counted as residential care places.

Of the 877,330 places across all types of care home, as recorded in the care home statistics,[198] four-fifths (81.7 per cent) are in so-called care homes for the elderly, and just under one-fifth (18.3 per cent) are in care homes for people with disabilities.

Although the term *'care home* for *the elderly*' is generally accurate, it is correct in only 85 per cent of cases (for those aged over 65) and 88 per cent of cases (for those aged over 60) – at least as far as the residential care homes included in the overviews are concerned.

Table 64: Beneficiaries / Age groups in residential care homes, 2002

Age in years	*Number*	*% of age group*	*Cumulative %*
65 and over	509,172	84.9%	84.9**%**
60 to under 65	19,574	3.3%	88.**2%**
50 to under 60	21,018	3.5%	91.7%
40 to under 50	19,270	3.2%	94.9%
30 to under 40	16,031	2.7%	97.6%
20 to under 30	8,562	1.4%	99.0%
15 to under 20	2,949	0.5%	99.5%
up to but not 15	3,241	0.5%	*100*
Total	*599,817*	*100*	

Source: Federal Ministry of Health and Social Security: Social Care Insurance. Beneficiaries by age group and care level as at 31 December 2002.

Incidentally, under the Care Homes Act, care home residents under the age of 18 should not be included in these figures.

Up to and including 1995, *care homes for the elderly* were recorded both according to the aforementioned *types of facility* (residential care homes for the elderly, care homes for the elderly, nursing homes for the elderly, multi-purpose facilities) – broken down by number of facilities/places – and categorised by the groups responsible for their operation. As the regional statistics – on which the federal statistics had to rely – were incomplete, no longer up to date, etc., these subdivisions by number of facility types were dispensed with, as they tended to give a misleading picture. The breakdown by *provider group* (public, non-profit, private commercial providers) was retained, but only in terms of the number of places. *Facilities for people with disabilities* were always recorded only as a total by provider group.

Even though the data set is relatively unreliable – complete, differentiated data for all federal states is available only for the years 1993, 1994 and 1997/1998 – a consistent trend is evident despite this caveat: The number of care homes for the elderly and people with disabilities is rising slowly but steadily, with the proportion of public providers increasing continuously both in absolute terms and as a percentage.

Whereas in 1991 the figure stood at 19 per cent, by 2001 it had fallen to just under 8 per cent for publicly funded providers.

*Table 65: Care homes for the elderly and people with disabilities 1991–2001, by number / provider**

Year	Total number	Provider					
		Public	%	Private	%	Non-profit	%
1991	10,013	1,857	*19.0*	2,453	*25.2*	5,440	*55.8*
1992	10,396	1,663	*16.8*	2,566	*25.9*	5,692	*57.4*
1993	10,624	1,599	*15.1*	2,744	*25.8*	6,281	*59.1*
1994	10,812	1,462	*13.5*	2,717	*25.1*	6,633	*61.3*
1995	10,921	1,321	*12.1*	2,805	*25.7*	6,795	*62.2*
1996	11,094	1,267	*11.4*	2,855	*25.7*	6,972	*62.8*
1999	10,991	1,002	*9.1*	2,858	*26.0*	7,131	*64.9*
2001	10,874	854	*7.9*	2,904	*26.7*	7,116	*65.4*

Source: Gerostat – German Centre for Ageing Issues, Berlin: Basic data: Federal Ministry for Family Affairs, Senior Citizens, Women and Youth – Care home statistics: Care homes for the elderly and people with disabilities, in: http://gerostat.prz.tu-berlin.de (which also contains extensive notes on the data source).

**) The total of the breakdown by provider for the years 1991, 1992 and 1999/2001 does not match the figure given under 'Total', as some federal states did not contribute to the statistics. Percentages are based on the number of providers stated.*

Whilst public providers 'lost' 54 per cent over the course of these ten years, there was an increase of 451 institutions (= 18 per cent) among private commercial providers between 1991 and 2001, whilst non-profit organisations – which were already cited as operators of 56 per cent of the facilities in 1991 – added a further 1,676 facilities (an increase of 31 per cent), thereby approaching a two-thirds share of operators in 2001 (at 62.4 per cent). In this regard, the statement by a private commercial operator (Curanum AG) is factually incorrect when it states: "The proportion of local authority and non-profit institutions has fallen significantly in recent years in favour of private operators. The cause of this lies, on the one hand, in the lack of financial resources among the providers and, on the other, in inefficiencies in the operation of local authority and church-run institutions."[199]

These two actual developments (the marked increase in the proportion of independent voluntary welfare organisations and the reduction in the public sector's share) are politically intended and have not arisen as a result of inefficiency. The Social Code Book XI (1994) states the following in this regard:

Section 2 Self-determination. [1] Those in need of care may choose between facilities and services provided by different organisations. [2] Their wishes regarding the organisation of care shall, insofar as they are reasonable, be accommodated within the framework of the law governing benefits.

(2) [1] The religious needs of those in need of care must be taken into account. [2] At their request, they shall receive residential care in a facility where they can be looked after by clergy of their own denomination.
(3) Those in need of care shall be informed of the rights set out in paragraphs 2 and 3.

§ 11 Rights and obligations of care homes.
(2) [1] In implementing this Book, the diversity of care home providers must be upheld, and their autonomy, self-image and independence must be respected. [2] Account must be taken of the remit of church-run and other independent charitable organisations to eare for, support, comfort and accompany the sick, the frail and those in need of care as they approach the end of their lives. [3] Independent charitable and private providers shall take precedence over public providers.
(3) The provisions of the Care Homes Act remain unaffected by this."[200]

This not only enabled the associations of independent voluntary welfare organisations to enshrine the principle of subsidiarity—introduced into law in 1961—in Book XI of the Social Code, but it is also comparatively unique in how bluntly church-based (and 'other') providers were able to formulate their self-proclaimed 'mission' to provide care, support, comfort and end-of-life care exclusively within the text of a law.

The general trend amongst the operators of care homes is also evident in terms of the number of places (*Table 66*), although there is a difference in that the relative proportion of public operators is higher than in the case of the number of care homes, and the proportion of places provided by private commercial operators is significantly lower, which suggests that private commercial operators run smaller care homes on average.

*Table 66: Care homes for the elderly and people with disabilities 1991–2001, places / provider**

	Places	Provider					
Year(s)	Total	Public	%	Private	%	Non-profit	%
1991	756,475	191,356	*26.2*	104,270	*14.3*	434,945	*59.5*
1992	776,558	159,768	*21.8*	116,963	*15.8*	456,707	*62.4*
1993	789,661	160,691	*20.3*	131,896	*16.7*	495,829	*62.8*
1994	803,356	146,736	*18.3*	129,003	*16.1*	527,617	*65.7*
1995	788,353	132,617	*16.8*	139,791	*17.7*	507,045	*64.3*
1996	792,982	128,267	*16.2*	146,898	*18.5*	517,817	*65.3*
1999	791,391	96,660	*12.2*	151,616	*19.2*	543,115	*68.6*
2001	875,325	80,577	*10.4*	185,300	*23.8*	512,267	*65.8*

Source: Federal Ministry of Health and Social Security: Social Care Insurance.
Beneficiaries by age group and care level as at 31 December 2002 – total.
**) See note for Table 65.*

A breakdown by *former Federal Republic / new federal states* (*Table 67*) allows for a more detailed examination of the changes and restructuring in the funding of care homes for the elderly.

*Table 67: Care homes for the elderly – total places / Old and New Federal States**

Years	Total	Former Federal Territories				New Federal States			
		Places	% Public	% Weighting	% Municipal	Places	% Public	% Private	% Municipal
1980	412,150	412,150	23.9	12.4	63.7	- / -	- / -	- / -	- / -
1981	423,747	423,747	23.2	12.7	64.1	- / -	- / -	- / -	- / -
1982	429,577	429,577	23.1	12.9	64.0	- / -	- / -	- / -	- / -
1983	436,224	436,224	23.0	13.8	63.2	- / -	- / -	- / -	- / -
1984	464,479	464,479	21.1	14.7	64.2	- / -	- / -	- / -	- / -
1985	476,269	476,269	21.0	14.9	64.1	- / -	- / -	- / -	- / -
1986	485,873	485,873	20.7	15.4	63.8	- / -	- / -	- / -	- / -
1987	489,361	489,361	20.5	15.5	64.1	- / -	- / -	- / -	- / -
1988	507,498	507,498	19.3	16.6	64.1	- / -	- / -	- / -	- / -
1989	511,447	511,447	18.8	16.8	64.4	- / -	- / -	- / -	- / -
1990	516,819	516,819	18.5	16.8	64.6	- / -	- / -	- / -	- / -
1991	652,956	538,522	19.8	17.3	62.9	114,434	79.7	0.8	19.5
1992	660,048	551,353	19.2	18.3	62.5	108,695	57.1	5.1	37.8
1993	674,013	567,611	18.5	19.4	62.0	106,402	41.5	8.7	49.8
1994	682,220	577,036	17.5	18.4	64.1	105,184	32.6	9.3	58.1
1995	657,588	556,854	17.0	20.7	62.3	100,734	29.3	10.6	60.1
1996	661,631	564,414	16.9	21.3	61.8	97,217	24.2	13.3	62.5
1999	656,432	557,539	11.9	22.7	65.3	98,893	22.0	12.0	66.1
2001	714,979	611,128	10.5	28.0	61.5	103,851	15.2	21.2	63.6

Source: Federal Ministry of Health and Social Security: Social Care Insurance.
Beneficiaries by age group and care level as at 31 December 2002 – total.
**) See note for Table 65* *– / – No data available.*

Whilst in the former Federal Republic the trend for care homes for the elderly – a decline in public providers, a rise in private commercial providers and relative stability among non-profit organisations – has continued steadily for over twenty years, developments in the New Federal States illustrate how quickly and radically provider structures are (or can be) restructured. Between 1991 and 2001, the proportion of public providers in the New Federal States fell from 80 per cent at that time to 15 per cent, whilst the other two provider groups rose from a negligible 0.8 per cent to 21 per cent (private commercial) and from 20 per cent to 64 per cent (voluntary non-profit organisations). This has brought the structure of funding bodies in the new federal states into line with that of West Germany has

largely been achieved – despite significantly different social and economic living conditions.

When considering which types of institution are capable of generating profits, the proportion of privately-run organisations is always a useful indicator – as they are (naturally) primarily interested in running 'marketable' institutions. With regard to the distribution within the various types of facility, the priorities in 1991 can be clearly distinguished from one another (*Table 68*).

*Table 68: Care homes for the elderly and people with disabilities by type of place / provider, 1991**

Facility	*Provider of the facility / Number of places*					
	Public	*% ⇒*	*Independent charitable*	*% ⇒*	*Private commercial*	*% ⇒*
Retirement home	20,442	*38.9*	26,848	*51.1*	5,280	*10.0*
Retirement home	25,862	*20.6*	84,421	*67.2*	15,391	*12.2*
Care home for the elderly	36,838	*28.8*	57,413	*44.9*	33,679	*26.3*
Multi-unit organisation	97,938	*30.1*	188,292	*57.8*	39,642	*12.2*
Facility for people with disabilities	10,276	*10.4*	77,971	***79.1***	10,278	*10.4*
Total	*191,356*	*26.2*	*434,945*	*59.5*	*104,270*	*14.3*

Source: Federal Ministry of Health and Social Security: Social Care Insurance.
Beneficiaries by age group and care level as at 31 December 2002 – total.
**) See note for Table 65*

Public providers are represented to a greater extent than average in care homes for the elderly and multi-purpose facilities. Non-profit providers focus on care homes for the elderly and, in particular, on facilities for people with disabilities, whilst private commercial providers favour residential care homes for the elderly.

Eleven years later (*Table 69*) – following the introduction of social care insurance in 1994 – it is particularly noteworthy, alongside the changes already outlined above (decline in public institutions, etc.) – it is particularly noteworthy that non-profit organisations are now only represented above-average in the market for facilities for people with disabilities, whilst private commercial providers are active primarily as providers of care homes and residential homes for the elderly, as well as multi-purpose facilities (which combine these two services). Facilities for people with disabilities appear to be less attractive to private commercial providers in terms of their return on investment.

The number of care homes for the elderly and facilities for people with disabilities is rising slowly but steadily, whilst the proportion of public providers is steadily decreasing in both absolute numbers and as a percentage. Whereas in 1991, by 2001 this figure had fallen to just under 8 per cent.

*Table 69: Care homes for the elderly and people with disabilities by type of accommodation / provider, 2001**

Facility	Organiser of the facility / Number of places					
	Public	% ⇒	charitable	% ⇒	Private commercial	% ⇒
Retirement home	4,517	8.4	35,478	65.8	13,938	25.8
Retirement home	6,844	17.7	25,083	64.8	6,771	17.5
Care home for the elderly	56,141	11.4	300,860	61.1	135,195	27.5
Multi-unit installation	4,664	10.4	33,615	62.0	15,975	29.4
Facility for people with disabilities	8,411	6.0	117,231	84.3	13,421	9.7
Total	*80,577*	*10.4*	*512,267*	*65.8*	*185,300*	*23.8*

Source: Federal Ministry of Health and Social Security: Social Care Insurance.
Beneficiaries by age group and care level as at 31 December 2002 – total.
**) See note for Table 65.*

The 'restructuring' or changes in categorisation following the introduction of long-term care insurance is very evident. The 'traditional' care homes for the elderly and the multi-purpose facilities, which do not quite fit into the long-term care insurance billing scheme, are declining at the same rate as care homes are being established. However, this 'restructuring' is not particularly evident among privately run facilities, but rather, in particular, among non-profit organisations.

*Table 70: Care homes for the elderly and people with disabilities / Changes from 1991 to 2001**

Facility / Home	Places		Percentage change 1991 to 2001 / Operating body			
	1991	2001	Total	State	Non-profit	Private sector
Retirement home	58,850	59,722	+ 2 %	- 78 %	+ 32 %	+ 164 %
Retirement home	125,674	44,249	- 65 %	- 74 %	- 70 %	- 56 %
Care home for the elderly	127,930	556,754	+ 335 %	+ 52%	+ 424 %	+ 301 %
Multi-unit system	325,872	54,254	- 83 %	- 95 %	- 82 %	- 60 %t
Facility for people with disabilities	103,519	160,346	+ 55%	- 18 %	+ 50%	+ 30%
Total	756,475	875,325	+ 16%	- 58 %	+ 18 %	+ 78 %

Source: Federal Ministry of Health and Social Security: Social Care Insurance.
Beneficiaries by age group and care level as at 31 December 2002 – total.
**) See note for Table 65.*

However, the proportion of care homes (*Table 71*) is slightly higher among private commercial providers (78.7 per cent) than among independent charitable providers (76.2 per cent). Overall, however, the structure across the various care homes for the elderly – albeit on a very different scale – remains quite similar.

*Table 71: Care homes for the elderly in 2001 by type of accommodation / operator / structure**

Facility	Operating body / Number of places					
	Public	% ⇓	Independent charitable	% ⇓	Private commercial	% ⇓
Retirement home	4,517	*6.3*	35,478	*9.0*	13,938	*8.1*
Retirement home	6,844	*9.5*	25,083	*6.3*	6,771	*3.9*
Care home for the elderly	56,141	*77.8*	300,860	*76.2*	135,195	*78.7*
Multi-unit installation	4,664	*6.4*	33,615	*8.5*	15,975	*9.3*
Total	*72,166*	*100*	*395,036*	*100*	*171,879*	*100*

Source: Federal Ministry of Health and Social Security: Social Care Insurance.
Beneficiaries by age group and care level as at 31 December 2002 – total.
**) See note for Table 65.*

In general, the following applies with regard to the available data:

- Since the introduction of long-term care insurance, detailed statistics have only been collected for outpatient and inpatient care. On the one hand, care homes and residential care homes are no longer included in these figures; data for these is expected to be collected for 2004 and will then be available in 2006/2007. Secondly, these figures relate only to recipients of long-term care insurance benefits; in other words, care home residents classified as care level '0' are also not included.
- In order to examine the individual provider groups – in particular the non-profit organisations – in greater detail, reference is made below to the 'Long-Term Care Statistics 2001' published by the Federal Statistical Office: 'Long-Term Care within the Framework of Long-Term Care Insurance'.
- The following analysis is subject to these limitations.

Care homes for the elderly

A total of 604,000 people were being cared for (as at 15 December 2001) in the 9,165 full- and part-time care homes authorised under SGB XI. This represents around 85 per cent of all people (715,000) living in care homes for the elderly in 2001. Around 90 per cent of the 674,292 places were occupied.

With regard to the operators and the number of care homes and care places in the federal states, it is apparent that

- *public providers* account for around 8 per cent of the care homes and 10 per cent of the places.

Public providers are represented to a greater-than-average extent only in the federal states of Hamburg and Mecklenburg-Western Pomerania.

Table 72: Number of care homes / operating bodies / federal states as at 15 December 2001

State	Number	Organiser			% in the country			% of the provider		
		Public	Non-governmental	Total	Public	Non-governmental	Total	Public	Non-governmental	Total
Baden-Württem.	944	115	532	297	12.2	56.4	31.5	15.4	10.4	9.0
Bavaria	1,398	173	828	397	12.4	59.2	28.4	23.1	16.1	12.1
Berlin	327	26	175	126	8.0	53.5	38.5	3.5	3.4	3.8
Brandenburg	267	12	188	67	4.5	70.4	25.1	1.6	3.7	2.0
Bremen	76	1	54	21	1.3	71.1	27.6	0.1	1.1	0.6
Hamburg	174	33	96	45	19.0	55.2	25.9	4.4	1.9	1.4
Hesse	620	45	309	266	7.3	49.8	42.9	6.0	6.0	8.1
Mecklenb.-Pom.	189	26	138	25	13.8	73.0	13.2	3.5	2.7	0.8
Lower Saxony	1,199	57	463	679	4.8	38.6	56.6	7.6	9.0	20.7
NRW	1,849	106	1,227	516	5.7	66.4	27.9	14.2	23.9	15.7
Rhineland-Palat.	395	3	246	146	0.8	62.3	37.0	0.4	4.8	4.4
Saarland	118	4	74	40	3.4	62.7	33.9	0.5	1.4	1.2
Saxony	499	62	302	135	12.4	60.5	27.1	8.3	5.9	4.1
Saxony-Anhalt	292	19	172	101	6.5	58.9	34.6	2.5	3.4	3.1
Schleswig-Hol.	590	39	180	371	6.6	30.5	62.9	5.2	3.5	11.3
Thuringia	228	28	146	54	12.3	64.0	23.7	3.7	2.8	1.6
Germany	*9,165*	*749*	*5,130*	*3,286*	*8.2*	*56.0*	*35.9*	*100*	*100*	*100*

Source: Federal Statistical Office: 4th Report: Long-term Care Statistics 2001 – Long-term Care under the Long-term Care Insurance Scheme – Inter-state Comparison: Care Homes, Bonn: November 2003, p. 7, Table 1 (own calculation).

In terms of the distribution of institutions (*Table 72*), the three federal states of Baden-Württemberg, Bavaria and North Rhine-Westphalia account for just under 50 per cent (49.4 per cent) of all publicly funded institutions. However, in terms of the number of places (*Table 73*), it is Hamburg, along with the three new federal states of Mecklenburg-Western Pomerania, Saxony and Thuringia, that account for the highest proportions of publicly funded providers.

- *Non-profit organisations* account for 56 per cent of the facilities and 62 per cent of the places provided. They therefore dominate this sector. They are particularly well represented – in terms of both the number of facilities and the number of places – in Brandenburg, Bremen, Mecklenburg-Western Pomerania and North Rhine-Westphalia. The main focus of non-profit organisations is on the federal state of North Rhine-Westphalia, where almost a quarter (23.9 per cent) of all non-profit care homes in Germany are located.
- *Private commercial* providers demonstrate that – whilst accounting for 36 per cent of the facilities, they represent only 28 per cent of the places – they favour smaller care homes. They are represented to an above-average extent in Lower Saxony and Schleswig-Holstein (*Table 74*).

Table 73: Number of care places / type of provider / federal states as at 15 December 2001

State	Number	Provider			% in the state		
		Public	Non-governmental	Private	Public	Non-governmental	Private
Baden-Württemberg	72,806	10,838	44,818	17,150	*14.9*	*61.6*	*23.6*
Bavaria	101,791	13,943	64,806	23,042	*13.7*	*63.7*	*22.6*
Berlin	28,470	3,499	14,686	10,285	*12.3*	*51.6*	*36.1*
Brandenburg	19,198	926	13,879	4,393	*4.8*	*72.3*	*22.9*
Bremen	5,118	169	4,077	872	*3.3*	*79.7*	*17.0*
Hamburg	15,587	3,735	9,135	2,717	*24.0*	*58.6*	*17.4*
Hesse	43,923	4,007	24,768	15,148	*9.1*	*56.4*	*34.5*
Mecklenburg-Pomerania	14,661	2,422	10,449	1,790	*16.5*	*71.3*	*12.2*
Lower Saxony	73,988	4,321	34,687	34,980	*5.8*	*46.9*	*47.3*
NRW	151,053	11,255	109,576	30,222	*7.5*	*72.5*	*20.0*
Rhineland-Palatinate	32,084	213	22,164	9,707	*0.7*	*69.1*	*30.3*
Saarland	8,785	210	6,190	2,385	*2.4*	*70.5*	*27.1*
Saxony	36,154	6,545	21,385	8,224	*18.1*	*59.1*	*22.7*
Saxony-Anhalt	20,615	1,795	13,040	5,780	*8.7*	*63.3*	*28.0*
Schleswig-Holstein	33,097	3,639	11,613	17,845	*11.0*	*35.1*	*53.9*
Thuringia	16,962	3,025	10,452	3,485	*17.8*	*61.6*	*20.5*
Germany	*674,292*	*70,542*	*415,725*	*188,025*	*10.5*	*61.7*	*27.9*

Source: Federal Ministry of Health and Social Security: Social Care Insurance. Benefit recipients by age group and care level as at 31 December 2002, p. 7, Table 2.

Table 74: Federal states – population / care homes / care places by provider

Federal state	Population	% of care homes				% of places			
	Proportion	Total	Public	Voluntary	Private	Total	Public	Voluntary	Private
Baden-Württemberg	12.9	*10.3*	15.4	10.4	9.0	*10.8*	15.4	10.8	9.1
Bavaria	15.0	*15.3*	23.1	16.1	12.1	*15.1*	19.8	15.6	12.3
Berlin	4.1	*3.6*	3.5	3.4	3.8	*4.2*	5.0	3.5	5.5
Brandenburg	3.1	*2.9*	1.6	3.7	2.0	*2.8*	1.3	3.3	2.3
Bremen	0.8	*0.8*	0.1	1.1	0.6	*0.8*	0.2	1.0	0.5
Hamburg	2.1	*1.9*	4.4	1.9	1.4	*2.3*	5.3	2.2	1.4
Hesse	7.4	*6.8*	6.0	6.0	8.1	*6.4*	5.7	6.0	8.1
Mecklenburg-Western Pomerania	2.1	*2.1*	3.5	2.7	0.8	*2.2*	3.4	2.5	1.0
Lower Saxony	9.7	*13.1*	7.6	9.0	20.7	*11.0*	6.1	8.3	18.6
NRW	21.9	*20.2*	14.2	23.9	15.7	*22.4*	16.0	26.4	16.1
Rhineland-Palatinate	4.9	*4.3*	0.4	4.8	4.4	*4.8*	0.3	5.3	5.2
Saarland	1.3	*1.3*	0.5	1.4	1.2	*1.3*	0.3	1.5	1.3
Saxony	5.3	*5.4*	8.3	5.9	4.1	*5.4*	9.3	5.1	4.4
Saxony-Anhalt	3.1	*3.2*	2.5	3.4	3.1	*3.1*	2.5	3.1	3.1
Schleswig-Holstein	3.4	*6.4*	5.2	3.5	11.3	*4.9*	5.2	2.8	9.5
Thuringia	2.9	*2.5*	3.7	2.8	1.6	*2.5*	4.3	2.5	1.9
Germany	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*

Source: Federal Ministry of Health and Social Security: Social Care Insurance. Benefit recipients by age group and care level as at 31 December 2002; *proportion of the population: Federal Statistical Office: Data Report 2000, p. 32.*

The preference of private-sector providers for smaller facilities is evident from the fact that two-thirds of their homes (66.2 per cent) provide fewer than fifty places, whilst the situation is exactly the reverse for both non-profit and public providers: 64.5 per cent and 65.4 per cent of their facilities, respectively, are homes with more than fifty places. (According to the care statistics for 2001, the average size is 50 places per home for private providers, 77 for non-profit organisations and 84 for public providers.) As private providers build their facilities in a manner that is exactly the 'reverse' of the 'traditional portfolio' of public providers, there is a greater similarity between non-profit organisations and public providers (*Table 75*).

Table 75: Residential care homes by number of places / provider, 1999

Places	Private providers	Non-profit providers	Public provider	Total
1 – 20	29.4%	13.6%	8.8%	18.7%
21 – 50	36.8%	21.9%	25.7%	27.4%
51–100	23.2%	41.2%	35.7%	34.5%
101 and over	10.6%	23.3%	29.7%	19.4%

Source: BMFSFJ: Fourth (Elderly) Report on the Situation of the Older Generation in the Federal Republic of Germany, 2001, p. 260 (based on Federal Statistical Office, Care Statistics, 1999).

In this respect, there is no difference in the distribution between the former West Germany and the New Federal States. The number of care places corresponds to the proportion of the population.

Table 76: Population / Care Places

	Proportion of population in care homes	Care places
Former Federal Territory (excluding Berlin)	79.4%	80.3%	79.8%
New federal states (excluding Berlin)	16.5 %	16.1%	16.0%
Berlin	4.1%	3.6%	4.2%

Fees in residential care homes authorised under SGB XI are based on the general provisions of social care insurance, the state-specific framework agreements and the respective approved rates set by the care homes.

The care home fees consist of:

- *Care rates* in the strict sense, categorised as Levels I, II and III.
- *Accommodation and meals*, as the Social Code Book XI (Section 4(2)) stipulates that care home residents must, in principle, cover these costs themselves, and the
- *capital costs* of the care home operator (see below). The proportionate capital costs are included in the care rates in each case.

The total *turnover of residential care homes* amounted to 15.3 billion euros in 2001. Care rates accounted for around 11.2 billion euros, whilst the costs of accommodation and meals amounted to around 4.1 billion euros. As this calculation is based not on the number of care places but on the actual number of people in need of care, the (mere) 90 per cent occupancy rate of care homes is already taken into account,

In 2001, the *subsidies from the long-term care insurance fund* for full-time residential care (*see Table 77*) totalled 8.88 billion euros for all three care levels combined.

Table 77: Subsidies for full-time residential care from the long-term care insurance fund, 2001

Subsidy	People in need of care	=per year	Care home fees
Care level I = 1,023 euros	(x 206,895 = 2,539,843,000 euros)		2,976,334,100
Care level II = 1,279 euros	(x 269,151 = 4,130,930,000 euros)		5,107,103,725
Care level III = 1,432 euros	(x 128,319 = 2,205,034,000 euros)		3,094,313,780
	8,875,807,000 euros		11,177,752,000

The shortfall between the subsidies from the care insurance funds and the care home reimbursements (2.302 billion euros) and the costs for accommodation and meals (4.096 billion euros) – totalling 6.40 billion euros – must be covered by the care home residents themselves or – if they are unable to do so financially – by social welfare authorities.

These figures would need to be broken down further, as the data varies. The Federal Ministry of Health cites 578,000 people in need of care in the inpatient sector who receive benefits through the statutory long-term care insurance scheme, and around 35,000 people in need of care who receive benefits from private long-term care insurance schemes, making a total of 613,000 people in need of care, whilst the Federal Statistical Office estimates the figure at only 604,000.

Furthermore, extrapolating the figures for the reference date of 15 December to cover the whole year may result in figures that are too high, as – as a general trend – the number of people in need of care has risen over the course of the year, meaning that the annual average is therefore lower. According to figures from the Federal Ministry of Health, expenditure on benefits under the social care insurance scheme amounted to around 7.8 billion euros in 2001. (This is also consistent with the broad breakdown provided by a private-sector provider, which indicates that in 2001 the residential care market was financed 47 per cent by long-term care insurance, 35 per cent privately and 18 per cent by social assistance.[201]) A further 234 million euros was paid by private compulsory long-term care insurers.[202] As a more detailed breakdown would go beyond the scope of

this report, the calculated amounts should be regarded merely as a guide.

Care homes / residential care homes

Even the classification and the terms ‘retirement home’ and ‘care home’ are highly controversial, as there are federal states (e.g. Hamburg) where, due to the Care Homes Act (and long-term care insurance), so-called retirement homes or care homes no longer exist. People either live in care homes with care level ‘0’, or the facility is referred to as ‘assisted living’, where the residents are tenants and can arrange additional services (cleaning, meals) according to their needs and budget. Only those facilities where a relatively high level of care services must (mandatorily) be paid for as part of the rent would still qualify as a care home under this definition, and in Hamburg, the sole such facility would be the (rather upmarket) diaconal retirement home (‘Wohnstift’) run by the Augustinum Group on the banks of the Elbe.

People who live (or are required to live) in care homes and have been classified in care level ‘0’ are not care cases, but are in fact residents of a retirement home, even if the term as such is no longer used (legally) in some contexts.

A comparison of the figures from the 2001 care home statistics, the 2001 care statistics and the figures from the Federal Ministry of Health and Social Security for 2001 shows that, nationwide,

– 716,984 people live in care homes for the elderly, of whom
  – 604,365 lived in care homes, of whom
    – 577,935 people received long-term care insurance benefits.

Accordingly, there would be 26,430 people living in care homes with care level ‘0’, 112,619 people living in care homes for the elderly but not in nursing homes, making a total of 139,049 people living in care homes and residential care homes for the elderly in 2001.

The ‘market’ for care homes for the elderly – and in particular residential care homes – is not only a relatively ‘unknown territory’ in terms of figures, but is also even more ‘diverse’ than that of nursing homes due to a wide variety of facilities. The spectrum ranges from traditional, rather simple care homes for the elderly to ‘senior residences’. It could be compared, for example, to the star rating system for hotels.

As the costs incurred in retirement homes are the same as those for care level 0, and the costs of sheltered accommodation are at least within this range, the following is calculated – based on a rate of

around 1,600 euros per month[203]– can be used to calculate turnover. For the approximately 139,000 people in care homes for the elderly outside residential care homes, a turnover of 2.67 billion euros would accordingly be applicable. Together with the total residential fees in care homes (15.27 billion euros), residential care homes for the elderly thus accounted for a turnover of around 18 billion euros (17.94 billion) in 2001.

Investments

Responsibility for maintaining an adequate care infrastructure lies (Section 9 of Book XI of the Social Code) with the federal states. The federal government contributes only to pilot schemes.

The basic idea behind the introduction of long-term care insurance was that it should make those in need of care less dependent on social assistance benefits; in other words, that long-term care insurance would lead to savings in social assistance, and that investments would be co-financed from these savings.

'Overall, 50 per cent of care homes state that they receive public funding.

However, investment costs are invoiced separately by almost all care homes. In accordance with Sections 82(3) and 82(4) of SGB XI, this is permitted with the consent of the federal states if either no public funding is available or the costs necessary for operation are not fully covered by public funding.

In some federal states, supplementary provisions exist to cover these separately invoiced investment costs as resident-related expenditure – for example, in the form of a so-called 'care housing allowance' from state funds – for those in need of care who would otherwise remain dependent on social assistance." (This is the case in Schleswig-Holstein, Hamburg, Lower Saxony, North Rhine-Westphalia and the Saarland.)[204]

In other words: dual funding – as is the case for hospitals – has been implemented only 'half-heartedly' for care homes for the elderly, both in terms of care costs and capital expenditure. One thing is clear, however: the provider itself receives reimbursement for the capital expenditure, i.e. these are not lost grants for them. Either the state pays or those in need of care pay; if necessary, both do. The regulations in the individual federal states vary so widely that a report on the development of long-term care insurance[205]requires a twelve-page appendix to provide an overview of these state-specific rules.

Unless funding is provided in the form of fixed amounts and maximum limits per place, the initial investment is covered at between 60–80 per cent of the investment costs. Sometimes the care home is required to be included in a state plan; at other times, funding is restricted to 'the funds available'. This then has the remarkable effect that the recipients of funding complain that they are being disadvantaged. For instance, the Evangelische Heimstiftung ('as the largest provider of elderly care services in Baden-Württemberg') is calling for the abolition of project-based funding for care homes:

'Since the state is now failing to include measures it had already endorsed on the funding list due to a lack of funds, our hands are completely tied: even if we offer to pre-finance the measure, we are not permitted to do so because it contravenes existing budgetary law. However, if we were to forego the funding, we are not permitted to do so either, as the eligible refurbishment costs are not refinanced through the care rate; in other words, they are not included in the investment component of the care rate. [ ] Compared to private and non-subsidised providers, the providers who have hitherto made use of funding would be massively disadvantaged in the market, as their competitors are not subject to this funding bureaucracy." [206]

The federal states provide funding for investments in different ways: [207]

Baden-Württemberg: "Two-thirds of the funding is provided by the State of Baden-Württemberg and one-third by the relevant district or local authority." Around 50 million euros per year from 1997 to 2000.
Bavaria: Lump-sum investment grants of the same amount as those provided by the relevant local authority. Annual 'joint' construction programme. Around 37 million euros per year from 1998 to 2000. *Berlin*: Project-specific; individual funding (16.97 million euros in 2002/03 for four care homes for the elderly) and as a flat-rate grant per place per year (9.72 million euros in 2002).
Bremen pays grants towards investment costs (2003: 7.83 euros). *Hamburg* supports investment through subsidised loans, grants for pilot projects and individual funding, totalling around 25 million euros in 2000.
Hesse has a framework scheme for grants and loans covering 70 per cent – subject to budgetary constraints – totalling around 30 million euros in 2001.
Mecklenburg-Western Pomerania provides funding in the form of individual grants, lump-sum grants and debt servicing assistance, as well as rent and lease payments for the organisations (2002: 24.1 million euros). *Lower Saxony* made available around 133 million euros in 2000.
North Rhine-Westphalia paid (in 2001) €36.1 million and estimates that €3.9 billion is required for modernisation.
Rhineland-Palatinate granted (in 2002) subsidies totalling 6.8 million euros.
Saarland: Individual places were funded with 11 million euros (2000).
Saxony specifies a federal grant of exactly 121,176,200 million euros for 2002.

Schleswig-Holstein: In 2002, €6.22 million is earmarked for specific projects and €2.8 million for supplementary measures. (€47.05 million is earmarked for 'individual investment support', i.e. care allowance.)
Thuringia pays around 16.5 million euros in loan and rent subsidies.
Between 1995 and 2002, the *federal government* paid a total of around 3.3 billion euros in financial assistance for investments in care facilities in the new federal states (pursuant to Section 52(1) of the Long-Term Care Insurance Act), with a final 'instalment' of 444 million euros in 2002. Otherwise, only 'model care facilities' receive funding. In 2001, 16.1 million euros were disbursed for this purpose.

In this overview of the federal states (excluding financial assistance for the new federal states), around *350 million euros* were earmarked annually to support investment in residential care homes. An example is provided to illustrate what such funding looks like in a specific case:

'The planners from Neckar won a competition in Schwalbach which the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth had put out to tender in 1998 for four sites as part of the model project "Cost-effective construction of high-quality care homes for the elderly". Not insignificantly, the federal government subsidised the construction (total cost approx. 16 million marks) with five million marks, whilst the State of Hesse contributed 4.3 million marks." [208]

However, a far higher amount is already factored into the *care rates* described above. The prices charged by care homes depend not only on their general facilities but, even where accommodation and meals cost the same, vary significantly due to differing levels of apportioned investment costs.

The estimated capital costs for 14 residential care homes run by the same (municipal) operator range (with an average of 220.81 euros) from 141.15 euros per month to 531.74 euros per month.[209] The Diakonisches Werk Hamburg used an average of 365 euros per month for investment costs for its care homes for the elderly (in 2002). If – to give an order of magnitude – we assume 300 euros per month, then the care remuneration for residential care homes includes around 2.18 billion euros for the refinancing of investments. Including state subsidies, this amounts to an order of magnitude of 2.5 billion euros per year. An example from the Diocese of Eichstätt illustrates the 'leeway' offered by these care rates:

'Diocesan association in a healthy financial position. Eichstätt (epd). The auditing firm *Solidaris* has described the finances of the Eichstätt Diocesan Caritas Association as "healthy". It had audited the accounts and annual financial statements. Turnover is in 2002 by 3.84 per cent compared

with the previous year to 68.4 million euros. This was primarily due to higher care rates in care homes for the elderly and other residential facilities run by the association."[210]

(Residential) care homes

On 15 December 2001, out of a total of 9,165 care homes, 5,130 (= 56 per cent) were run by independent charitable organisations. Of these, 4,497 care homes (= 49 per cent) were run by an organisation that was a member of a LIGA association. In this respect, the associations of independent welfare organisations provide the operators for one in every two (care) homes for the elderly in Germany.

As at 1 January 2002, the Diakonisches Werk reported a total of 1,967 residential care homes for the elderly, with 132,789 places. The German Caritas Association reports 1,680 facilities with 115,497 places (*Table 78*). Together, the two associations thus operate 3,647 facilities with 248,286 beds/places. This represents 81 per cent of the LIGA's facilities and 40 per cent of all residential care homes for the elderly in Germany. In terms of beds/places, Caritas and Diakonia account for 60 per cent of all non-profit places (415,725) and 37 per cent of all residential places/beds.

Table 78: Residential care homes for the elderly run by the DW and the DCV (2001)

Facility	*Diakonisches Werk*		*Caritas Association*	
	N.	*Beds/places*	*N.*	*Beds/places*
Full-time residential care homes under Section 72 of SGB XI	1,262	102,453	1,369	112,157
Full-time residential care homes specialising in specialist care	288	23,701	-	-
Short-term care facilities for older people*)	182	3,804	192	1,712
Semi-residential care homes	235	2,831	119	1,628
Total	*1,967*	*132,789*	*1,680*	*115,497*

**) Short-term care places have been included as they are classified as care places.*

Assuming that 90 per cent of places are occupied, the two organisations provide care for 223,460 people in need of residential care; and, based on a distribution of these individuals across care levels as is the case for all those in need of residential care – which is to be assumed given the large number of places at Diakonia and Caritas – a turnover in the region of 5.65 billion euros can be assumed for the two denominational associations in residential care.

Care homes for the elderly

The Diakonisches Werk lists 540 facilities with 23,186 places, whilst the German Caritas Association lists 228 facilities with 9,928 places.

Table 79: Care homes and sheltered housing for the elderly run by the DW and the DCV (2001)

Facility	Diakonisches Werk		German Caritas Association	
	Number	Beds / Places	Number	Beds / Places
Assisted living	138	4,008	175	7,426
Housing for the elderly	331	17,012	53	2,502
Retirement homes for nurses	71	2,166	-	-
Total	*540*	*23,186*	*228*	*9,928*

Source: Facility statistics from Caritas and Diakonia

Together, the two associations represent 768 care homes with 33,114 places. In relation to the 112,619 people living in care homes, this represents a share of 29.4 per cent. Accordingly, these care homes generate a turnover of 2.09 billion euros.

Conclusion

The combined turnover of residential care homes (€15.6 billion) and care homes for the elderly (€2.7 billion) amounted to €18.3 billion. The share of Diakonia and Caritas in the turnover of nursing homes (€5.7 billion) and in the turnover of care homes for the elderly (€2.1 billion) amounted to €7.7 billion. Church funds were not required.

Turnover of residential care homes	15,623 million euros
Turnover of care homes for the elderly / residential care homes	2,669 million euros
Total	*18,292 million euros*
Share of turnover from Diakonia and Caritas care homes	5,651 million euros
Share of turnover from Diakonia and Caritas retirement homes	2,090 million euros
Total for Diakonia and Caritas	*7,741 million euros*
Grant from church funds	0 euros

The €7.74 billion in turnover for Diakonia and Caritas includes around €1.03 billion for the refinancing of investments.

Special feature

Even in Spain's holiday regions, there's no need to do without a retirement home. An example:

Mallorca for life, or: 'Growing old far away'.

"Tucked away in a secluded spot is the first German retirement home on Mallorca, set in a large palm-lined garden and surrounded by a high wall. It is called 'El Castellot' – 'little castle' – and that is exactly how you feel there: the rooms are spacious, there are also suites, a restaurant with waiters, two swimming pools, a massage parlour, six permanent nurses and a doctor on call. The surrounding wall is not there to prevent the residents from going out, but to shield them from the hustle and bustle of the tourist trade. It really is an exclusive place, this 'Castellot' – built by the Diakonisches Werk, financed by the Protestant cooperative bank. It is not cheap; with costs ranging from 2,500 to 4,500 marks [1,300 to 2, 300 euros] a month. However, it is still more affordable than comparable care homes in Germany, and the Protestant Church, as the sponsoring organisation, conveys a sense of reliability and support right up until death."[211]

Outlook

According to a model calculation by the *German Institute for Economic Research* (DIW)[212], the number of people requiring care will more than double – against a backdrop of a falling population from 82.2 to 73 million. Whilst 1,929,300 people in Germany were in need of care in 1999, this figure will rise to 2,935,000 by 2020 and is projected to reach 4,728,000 by 2050. In this respect, it is a 'growth market' in two respects, as not only must the number of care homes be increased accordingly, but 'over half a million jobs will need to be created in this sector of care by 2050.'[213]

And: "The market for housing for the elderly is the last remaining growth market in the property sector; the market segment for people over 80 will see the highest growth rates." [214]

Railway Station Mission

Financial volume	approx. 11.4 million euros

Legal basis
None

Funding
Mixed funding

Railway station mission work is a church-based service ('the Church in action at the station'), which has been carried out by the Protestant and Catholic Churches (in some cases jointly) since 1910. As the term 'mission' already makes clear, this is a field of activity which – just like the telephone counselling service – is supported exclusively by the two churches in Germany as a missionary service. Originally, the railway station missions carried out precisely what had characterised Christian mission in Europe over the past two centuries: providing people with shelter and food and talking to them – often people in particularly desperate circumstances. Just how this situation has changed became apparent when (in autumn 2001) the then new Chief Executive of Deutsche Bahn AG, as part of the 'Clean Station' campaign and called on the railway station missions to stop distributing food to those in need. Alongside the outrage at the callousness of this proposal, a wave of ironic laughter swept through the sector, as the railway station missions had generally stopped serving hot soups or meals years ago.

'The core remit of the railway station missions is characterised primarily by two areas of work:

1. Travel assistance for people with increased support needs whilst travelling (the blind, wheelchair users, older people, children travelling alone, young families, etc.)
2. A low-threshold social service that offers people support to help them help themselves, conducts clarifying discussions with them and refers them to specialist services." [215]

In the view of their sponsoring organisations, railway station missions are "not 'outposts' of the Church and the Diakonia, but at the very heart of diaconal service. Particularly in the endeavour to embody the ethos of a missionary Church, the railway station missions, with their wealth of experience, their pioneering role in practising ecumenism and, not least, their central location in the city, have much to offer that local parishes can draw upon."[216]

In the 99 railway station missions in Germany (as of 2002), 191 staff members work for the Caritas Association (69 full-time, 122 part-time) and 124 staff members (51 full-time, 73 part-time) work for the Diakonisches Werk, making a total of 315 employees (120 full-time, 195 part-time)[217] or 218 full-time equivalent posts.

The staffing situation is such that – depending on opening hours – either one part-time staff member and several volunteers, or one full-time staff member and several part-time staff members alongside the volunteers, work there; at the few major city stations (whose railway station missions are open round the clock and operate on a three-shift system), several full-time staff members and many volunteers are employed. At the Mannheim Mission (open round the clock), for example, 2 full-time staff members, 1 part-time staff member, 4 people performing community service and 54 volunteers work across four shifts.

Of the 79 railway station missions described in detail,

- 33 are open on all seven days of the week, and 10 of these are also open round the clock (Berlin Zoo, Frankfurt am Main, Hamburg Central Station, Cologne, Mannheim, Munich, Münster, Stuttgart and Würzburg).
- 30 are closed on Sundays or open by appointment only,
- 15 are closed throughout the weekend;
- 1 railway station mission (Lindau) is also closed on Tuesdays.

The set-ups vary greatly, and it is almost as if one were to regard horses and elephants as belonging to the same species. The small railway station mission in Eckernförde (open Mon, Wed, Thu, Fri 9.30–15.30, Tue 9.30–17.30) mainly looks after schoolchildren from the surrounding communities, helping them with their homework after school whilst they wait, and once everyone is safely on their way home, the staff also go home. The railway station mission at Hamburg Central Station (open continuously every day, with 17 full-time staff, seven community service workers and up to 60 volunteers) offers ‘low-threshold social work’ in addition to travel assistance, particularly for homeless street children.

In 1970, there were a total of 124 railway station missions. Although the number rose again in the 1990s – due to the six new establishments in the New Federal States[218] – just as many railway station missions have closed over the past thirty-three years, and all of them – with the exception of the closure in Niebüll, where no successor could be found for the director who had retired – were due to financial reasons. “Until 1968, the railway

station mission was staffed round the clock. Today, the volunteers are on duty Monday to Friday from 6.30 am to 7.30 pm and on Saturdays from 8.00 am to 7.00 pm." (Osnabrück Station Mission)

There is no nationwide overview of the finances[219] and the individual organisations rarely provide figures either. A typical example is the 2002 annual report of the Düsseldorf Railway Station Mission, which states the following regarding *finances*:

"The railway station mission's staff costs are funded by the sponsoring organisations. Operating costs are shared proportionally between the two sponsoring organisations. In 2002, too, many donors supported the railway station mission. The Diakonia Werk again allocated funds from collections in 2002. The premises and ancillary costs for water, electricity and heating are provided free of charge by Deutsche Bahn AG."[220]

What is remarkable about such phrasing is that it actually says nothing. For – to take one example – are the posts actually 'funded' by the sponsoring body itself, or are they refinanced in full or in part by local or regional funds at the sponsoring body level – of which the organisation itself need not be aware?

It is only in times of crisis that figures are cited, the cuts to which are lamented, and only then does the funding structure become clearer – albeit one that is already a thing of the past. The basic assertion here is: "They [the railway station missions] are funded by the Protestant Diakonia and the Catholic Caritas. Deutsche Bahn AG merely makes the premises available."[221]

However, there are few examples to support this alleged exclusive funding by the Diakonia and Caritas.

Berlin, Bahnhof Zoo: "We are funded exclusively by donations. Even the food served at lunchtime is donated." [222]

Husum: "Whilst staff and visitors are completely in the dark about the future of the Husum railway station mission, the sponsoring parish of St. Marien is desperately seeking partners to collaborate with. [...] 'Until recently, the 'The costs were borne in equal shares of 65,000 DM each by the Nordfriesland district, the town of Husum and the local church district' – explains the vicar of St Mary's. However, the district and the town have since withdrawn from this funding model. The railway station mission is no longer supported by a lump sum, as was previously the case, but on a performance-based basis. The town and the district have contracted the mission to provide services for which they are responsible. For example, the town pays DM 30,000 a year for the counselling service. DM 40 is paid per overnight stay for homeless people. 'Up to now, this sum has just about managed to keep the service afloat, albeit with some difficulty.'[223] The result: a reduction in opening hours.

Frankfurt am Main: "Overall, consistent public relations work has meant that the annual donations received are quite high; we have also maintained good contact with many donors over the years."[224]

Freiburg im Breisgau: "Where does the money for the railway station mission actually come from? We ask ourselves that sometimes too. We receive grants – from the city, from the Church, from the federal government. On average, each instance of assistance costs us 4 euros. Last year, however, we unfortunately only received around 1.50 euros per instance of assistance. And the rest? We have to cover that through donations." (225) A chart shown alongside makes it clear that all these grants [Interjection: Since when has the Church been paying 'grants' to its own institutions?] cover a total of 37.5 per cent of the costs. The stated 4 euros multiplied by 16,962 instances of assistance amounts to costs of around 68,000 euros, of which 25,500 euros are covered by 'grants' from the city, the federal government and the Church, i.e. income from donations must amount to at least 42,500 euros.

Paderborn: 'And without job-creation schemes, the financing of the railway station mission would be "hanging in the balance".' [226]

Tübingen: 'We fund our work almost exclusively through donations and are grateful for any support.' [227]

Whilst the examples cited mainly referred to *donations* as the source of funding for the work, and in one instance due to *job-creation measures*, a look at the public budgets of the federal states and cities reveals that substantial *state subsidies* were paid – which were earmarked for cancellation in Baden-Württemberg and Hesse in 2004 – or continue to be paid as subsidies for the work of the railway station missions.

Baden-Württemberg: "The railway station missions in Baden-Württemberg fear for their very existence. In the 2004 budget, the state government intends to cut around 100,000 euros for the 15 railway station missions currently in operation, according to Diakonia and Caritas
in Stuttgart. [ ] According to Diakonia, the Crailsheim station , has already had to close."[228] However, the state parliament has not implemented the cut.

In 2001, **Chemnitz** paid a grant of (65,000 DM =) 33,215 euros to the railway station mission in Chemnitz.[229]

Hesse: "The state no longer gives anything to many: [ ] Railway Station Mission (Diakonia and
Caritas): 33,400 euros to date, nothing in future."[230] The state grant was withdrawn.

Rhineland-Palatinate had steadfastly supported the missions for years with 20,000 DM and then rounded the amount up to 11,000 euros in 2002. This expenditure is also mutually compatible with 700,000 euros in grants for combating poverty and in support of socially deprived areas.[231]

Hamburg continues to pay (in 2003): 55,242 euros to the railway station mission / CV and 201,582 euros to the railway station mission / DW[232] as well as (in

2001) 24,736 euros to *Mission e.V.* as a grant for day centres and emergency overnight accommodation run by the railway station missions.[233] A total of around 282,000 euros.

Frankfurt paid (in 2003) a grant of 151,000 euros to the railway station mission and cited the State Welfare Association, the State of Hesse, the Employment Service and the Federal Office for Civil Service as sources of secondary and tertiary funding.[234] The churches are not mentioned. The State of Hesse intends to withdraw its grant of 33,400 euros.

Kiel continues to pay 10,200 euros to the German Railway Mission 'for the care of low-income travellers passing through'.[235]

Saxony continues to allocate 150,000 euros in grants to the railway station missions in the Free State (in Chemnitz, Görlitz, Halle and Leipzig).[236]

What is peculiar about the funding of the railway station missions of both churches seems to be that the churches are mentioned only once.

One source of funding, however, is clear: since 1996, there has been a contract between Deutsche Bahn AG and the organisations running the railway station missions. 'Part of this agreement is a model contract [...]. This means there is now a standardised contract in place at all railway stations with a Station Mission. Under these agreements, Deutsche Bahn waives rent payments and covers the costs of cosmetic repairs, maintenance of washroom and toilet facilities, energy and refuse collection. Deutsche Bahn has thus provided the Station Missions with a guarantee of continued operation." And: "The railway station mission wishes to continue to be the 'church at the station'."[237] In 2001, a grant from the television lottery made it possible to provide all staff nationwide with a standardised uniform.

No further generalisations can be made, as many railway station missions have their own individual sponsoring bodies which do not (or cannot) advocate for their interests 'as a unified whole'. In Württemberg, however, there is a central sponsoring body – the *Catholic Girls' Social Work organisation IN VIA* and the Protestant *Association for International Youth Work* – which jointly represent the interests of the eight existing missions. The Regional Church of Württemberg pays 240,000 euros annually for the missions[238] and, in the 2003 supplementary budget of the Regional Church, established a foundation whose income guarantees this sum for the coming years as well. However, the withdrawal of state subsidies will result in working hours being reduced or – as has already happened in Crailsheim prior to the withdrawal of state subsidies – further railway station missions being closed.

What are the total costs to be financed? The number of full-time equivalent staff nationwide is 218; the number of volunteers [239] is estimated at around 1,500. If we assume annual wage costs of 30,000 euros [240] for a full-time post and 500 euros per volunteer for expenses (travel costs, miscellaneous expenses), this amounts to 6.54 million euros for full-time staff and 750,000 euros for volunteers. If we then add around 10 per cent for expenses, replacement of equipment, etc., the total comes to around eight million euros a year.

To determine the church's share of the funding, Württemberg can be used as a benchmark. There are eight railway station missions there (seven ecumenical and one Catholic; the only Protestant one in Crailsheim has already been closed due to its financial situation). In total, 31 full-time staff and around 100 temporary staff and volunteers work at the stations. That would mean 31 × 30,000 euros (= 930,000 euros) plus 100 × 500 euros (= 50,000 euros), totalling 980,000 euros, plus 10 per cent for expenses etc. (= 98,000 euros), making a total of 1.078 million euros. The regional church pays 240,000 euros as a grant, which is just under a quarter of these costs.

It would then still need to be clarified exactly what these church funds are to be used for. In the 2002/2003 budget, the Regional Church of Nordelbien is providing 33,300 euros to cover the 'staff costs' for the managing director of the regional group of the Protestant Railway Station Mission of Schleswig-Holstein. These costs were previously covered by collection funds and, following the reorganisation of the collection system due to a sharp decline in income from collections, can no longer be met. Without these allocations, the continued existence of the regional group of the Protestant Railway Station Mission of Schleswig-Holstein is at risk.'[241]

In other words, this is a grant for the association's work. Consequently, the grants available for the work of the local railway station missions are reduced by the costs of the association's work. If one also takes into account that Deutsche Bahn AG contributes a monetary benefit estimated at at least three million euros[242] (i.e. an average of around 30,300 euros per mission), the costs – based on the example of Württemberg – are in the region of 1,300,000 euros, and the grant from the regional church is reduced by 33,300 euros (according to a managing director of the Württemberg regional group) to 206,700 euros, i.e. a share of 16 per cent. This share, which is set for the 'wealthy' Württemberg Regional Church, is likely to be the *maximum* that can be allocated from church funds.

Overall, it can be observed that the smaller the railway station mission, the higher the proportion of funding from church (district) funds or from Diakonia or Caritas. The larger the railway station missions are, the more tasks they must and are able to undertake, and the more diverse the grants, donations and other income become,
i.e. the smaller the proportion of church grants becomes. In this respect, the most recent statement by the BAGFW – which concerns its member organisations Caritas and Diakonia – is factually incorrect when it states: "The food distributed by the railway station missions consists entirely of donations in kind. The financial requirements of the railway station missions therefore consist almost 100 per cent of staff costs, which are financed through church tax revenue."[243]

Conclusion

When the costs for full-time staff (6.54 million euros), the expense allowances for volunteers (750,000 euros), material costs (1.1 million euros) and the benefit in kind provided by Deutsche Bahn AG (3 million euros), the total costs amount to 11.4 million euros, of which – based on the example for Württemberg – the churches finance around 1.83 million euros.

Conclusion: Railway Station Missions

Total expenditure on staff costs Total expenditure on	approx.	6,540,000 euros
volunteers Total expenditure on material costs	approx.	750,000 euros
In-kind contribution from Deutsche Bahn AG	approx.	1,130,000 euros
	approx.	3,000,000 euros
Total	approx.	11,420,000 euros
Grant from church funds (maximum 16 per cent)	approx.	1,830,000 euros

Recent trends

Mobile service teams from the Station Mission within *the Rhine-Ruhr Transport Association (*VRR*)* assist passengers along the entire route of the S2 line. "The Station Mission's service was developed in close cooperation with the VRR and Deutsche Bahn (DB) and was initially funded by the state programme for safety and service in public transport until the end of 2003."[244]

'Kids on Tour'. Deutsche Bahn is launching an escort service for children travelling alone. Since mid-June 2003, trained staff from the railway station mission have been accompanying children travelling alone on one daily train service each way between Hamburg and Cologne, as well as between Stuttgart and Cologne and Cologne and Stuttgart.

The service costs an additional 25 euros per child per journey on top of the ticket price, and an extra 10 euros if the child has to change trains in Cologne.

Distinctive features of the field of activity

The German Red Cross operates *station services*; whilst, for example, a grant is paid to the station mission in Chemnitz, the grant for the station service run by the German Red Cross Saxony Regional Association (DRK Landesverband Sachsen e.V.) was withdrawn in 2001.[245]

Counselling centres

Financial volume	around 530 million euros

The wide range of counselling services provided by welfare organisations is – from a funding perspective – the most difficult area to describe, as these services are predominantly funded by grants and subsidies, which can vary considerably from one federal state to another and from one local authority to another.

On the one hand, many of the counselling services could be regarded as duplicating the work of state agencies, where the primary aim is to ensure that those seeking advice – as a service provided by the organisation – receive the benefits to which they are legally entitled; this is based largely on the fact that many of those affected are (allegedly) reluctant to 'go to the authorities', and the organisations' counselling centres offer a 'lower-threshold' service that is more readily accepted and utilised.

On the other hand, some advice centres – albeit only a small proportion – are required by law (e.g. counselling for pregnancy-related conflicts), with the legislature having delegated this counselling to welfare organisations and independent providers.

Counselling services are generally regarded as 'non-marketable', i.e. the provider cannot make a profit from them, as many of those seeking advice (people facing particular social difficulties, debtors, migrants, etc.) simply do not have the financial means to pay for the advice as a service. Furthermore, counselling centres must be 'maintained', i.e. 'downtime' must be factored in, which cannot be 'passed on' to those seeking advice. As the total number of all social counselling centres run by local authorities, welfare organisations and other providers could not be ascertained, the following analysis will be limited to the two denominational associations, focusing on counselling centres for families, women and children in the broader sense. What is striking is the large number of organisations and staff in *the 'Special Support' sector*, which encompasses the entire range of counselling and support centres for resettled ethnic Germans, foreign nationals, refugees, people with addictions, ex-prisoners, the homeless, people living with HIV, debt counselling centres, telephone counselling services, railway station missions and workplace support centres (*Table 80*).

Table 80: Counselling centres / staff of the BAGFW, 2000.

	Federal Association of Independent Welfare Organisations							
Field of activity	*Organisations*	*%*	*VZ*	*%*	*Part-time*	*%*	*VZ-EQ*	*%*
Youth welfare	2,601	*15.5*	4,931	*26.2*	5,201	*23.3*	7,532	*25.1*
Family support	2,272	*13.5*	2,849	*15.1*	5,420	*24.3*	5,559	*18.6*
Care for the elderly	1,020	*6.1*	484	*2.6*	602	*2.7*	785	*2.6*
Support for people with disabilities	3,849	*22.9*	1,146	*6.1*	1,404	*6.3*	1,848	*6.2*
Special assistance	7,054	*42.0*	9,405	*50.0*	9,665	*43.4*	14,238	*47.5*
Total	*16,796*	*100*	*18,815*	*100*	*22,292*	*100*	*29,962*	*100*

Table 81: Advice centres / staff of the Caritas Association, 2001.

	Caritas Association							
Area of activity	*Facilities*	*%*	*VZ*	*%*	*Part-time*	*%*	*VZ-EQ*	*%*
Youth support	595	*19.6*	1,091	*27.8*	1,683	*33.1*	1,933	*29.8*
Family support	576	*19.0*	427	*10.9*	1,322	*26.0*	1,088	*16.8*
Care for the elderly	102	*3.4*	74	*1.9*	107	*2.1*	128	*2.0*
Support for people with disabilities	118	*3.9*	205	*5.2*	342	*6.7*	376	*5.8*
Special support	1,645	*54.2*	2,132	*54.3*	1,637	*32.2*	2,951	*45.6*
Total	*3,036*	*100*	*3,929*	*100*	*5,091*	*100*	*6,476*	*100*

Table 82: Advice centres / staff of the Diakonisches Werk, 2000.

	Diakonisches Werk							
Area of activity	*Facilities*	*%*	*Full-time*	*%*	*Part-time*	*%*	*VZ-EQ*	*%*
Youth support	339	*13.4*	724	*19.8*	790	*18.6*	1,119	*19.4*
Family support	443	*17.6*	542	*14.8*	966	*22.8*	1,025	*17.7*
Care for the elderly	125	*5.0*	135	*3.7*	235	*5.5*	253	*4.4*
Support for people with disabilities	98	*3.9*	116	*3.2*	175	*4.1*	204	*3.5*
Special assistance	1,519	*60.2*	2,142	*58.5*	2,073	*48.9*	3,179	*55.0*
Total	*2,524*	*100*	*3,659*	*100*	*4,239*	*100*	*5,780*	*100*

Table 83: Advice centres / Staff at BAGFW / Caritas / Diakonia

	Counselling centres			Staff as full-time employees		
Area of activity	*BAGFW*	*CV + DW*	*% CV + DW*	*BAGFW*	*CV + DW*	*% CV + DW*
Youth welfare	2,601	934	*35.9%*	7,532	3,052	*40.5%*
Family support	2,272	1,019	*44.9%*	5,559	2,113	*38.0%*
Care for the elderly	1,020	227	*22.3%*	785	381	*48.5%*
Support for people with disabilities	3,849	216	*5.6%*	1,848	580	*31.4%*
Special support	7,054	3,164	*44.9%*	14,238	6,130	*43.1%*
Total	*16,796*	5,560	*33.1%*	*29,962*	12,256	*40.9%*

In the separately compiled overviews of the counselling centres for the Caritas Association (*Table 81*) and the Diakonisches Werk (*Table 82*), the areas of focus are comparable, even though the Caritas Association has positioned itself much more strongly in the field of youth welfare, whilst the Diakonisches Werk is more heavily involved in providing counselling for people in situations of particular distress (special assistance). With regard to the distribution within the BAGFW (which operates around 80 per cent of the counselling centres in North Rhine-Westphalia), Caritas and Diakonia together account for one third (33.1 per cent) of the centres and two-fifths (40.9 per cent) of the staff (*Table 83*). The two denominational organisations are therefore significantly less involved in counselling work than they are, by comparison, in residential facilities (hospitals) or day care centres (for children), which are fully or predominantly publicly funded.

To address the question of what financial resources these counselling centres receive and from whom, it is possible to draw on data relating to some of these organisations and their funding from the 'Family Study 2000' conducted by the German Caritas Association and the Diakonisches Werk. This study covers various organisations providing support for families and women.

Funding was categorised according to five different sources: service fees, public grants, own funds from church sources, own funds from other sources, and user fees.

Even a cursory overview reveals the diversity of the funding shares, which range from 0.4 per cent (for mother-and-child health retreats) to 62.8 per cent (for parenting advice) in terms of the proportion of public grants. Own funds from church sources vary similarly widely – albeit across different services – ranging from 2.4 per cent (for early intervention centres for people with disabilities) to 67.5 per cent (for family, marriage and life counselling centres) (*Table 84*).

However, the 'overall' presentation of the (average) percentages is implausible and is neither justified nor derivable from the source. As this information would nevertheless be helpful for an overview, an attempt was made, through our own calculations, to preserve its relative proportions whilst simultaneously obtaining a weighted average. To this end, as a first step, the number of staff at the respective organisations/services was recorded using the organisational statistics provided by the two associations and – by combining full-time posts and part-time posts (counted as half a post) – a full-time equivalent was calculated which, at least for wage costs, reflects the number of employees. At the same time, the institutions/services from the 'Family Study' were restricted to the counselling services contained therein.

Table 84: Average proportions of funding sources by type of organisation/service within the Caritas Association

Facility / Service	Service fees	Public grants/subsidies	Own funds from church sources	Own funds from other sources	User fees
Educational counselling	11.2%	62.8 %	20.9%	5.5%	0.0%
Family, marriage and relationship counselling	1.2%	24.7%	67.5%	6.5%	0.9%
Social-educational family support	59.0%	33.2%	5.0%	2.7%	0.0%
Family care placement	64.3%	15.3%	12.6%	6.6%	1.3%
Pregnancy conflict counselling	0.1%	46.4%	48.5%	4.9%	0.0%
Women's shelter	23.5%	61.5%	5.8%	5.8%	3.5%
Mother (and child) sanatorium	75.3%	0.4%	3.2%	13.6%	7.5%
Mother-and-child centre	80.8%	5.7%	10.9%	2.7%	0.0%
Early intervention centre	56.6%	39.0%	2.4%	2.2%	0.0%
Advice for foreign nationals	1.0%	45.3%	46.0%	7.8%	0.3%
Advice centre for resettled persons	0.0%	60.2%	29.8%	9.9%	0.0%
Total	*20.0%*	*36.8%*	*35.8%*	*6.9%*	*0.6%*

Source: 'Family Study 2000' by the DCV and DW, Table A-5 of the ISL study cited therein

Table 85: Facilities / services of the Caritas Association by number of employees / weighting of shares according to the wage cost factor for full-time staff

Facility / Service	Number of facilities	Employees	Full-time	Part-time	***Weighting: Full-time + (50%) Part-time***
Educational counselling	243	1,494	604	890	**1,049**
Family, marriage and life counselling	267	728	194	534	**461**
Social-educational family support	140	764	260	304	**412**
Family care placement	319	1,118	639	479	**879**
Pregnancy conflict counselling	264	867	196	671	**532**
Advice for foreign nationals	340	640	377	263	**509**
Advice Centre for Returnees	219	347	151	196	**249**
Total	*1,792*	*5,958*	*2,421*	*3,337*	*4,091*

Table 86: as in Table 84, but weighted according to Table 85 (percentage multiplied by weighting)

Facility / Service	Service fees	Public grants/funding	Own funds from church sources	Own funds from other sources	User fees
Educational counselling	11,749	65,877	21,294	5,770	0
Family, marriage and life counselling	553	11,387	31,118	2,997	415
Social-educational family support	24,308	13,678	2,060	1,112	0
Family care placement	56,520	13,449	11,075	5,801	1,143
Pregnancy conflict counselling	53	24,685	25,802	2,607	0
Advice for foreign residents	509	23,058	23,414	3,970	153
Advice centre for resettled persons	0	14,990	7,420	2,465	0
Weighted shares 409,432	*93,692*	*167,124*	*122,183*	*24,722*	*1,711*
Total percentage shares 100%	*22.9*	*40.8*	*29.8*	*6.0*	*0.4*

As the figures for the Caritas Association and the Diakonisches Werk differ, they have been recorded separately.

This weighting calculation results – for the Caritas Association, as it does for the Diakonisches Werk below (*Tables 87–89*) – in a significant change in the average percentage share of funding from 'own funds from church sources', which has fallen from the originally stated 35.8 per cent to 29.8 per cent. Whilst in the original overview, under 'Total', public grants and own funds from church sources were still on a par (36.8 per cent to 35.8 per cent), the respective shares are now more clearly differentiated (40.8 per cent to 29.8 per cent).[246] These changes also apply to the funding shares within the Diakonisches Werk, where the share of own funds from church sources has fallen from an original 35.4 per cent to 25.2 per cent.

Table 87: Average proportions of funding sources by type of institution / service of the Diakonisches Werk

Facility / Service	Service fees	Public grants/funding	Own funds from church sources	Own funds from other sources	User fees
Educational and youth counselling	15.7%	63.7%	16.3%	5.8%	0.3%
Family, marriage and relationship counselling	2.9%	37.4%	50.4%	8.2%	1.1%
Health Resort Advice and Referral Centre	1.6%	7.5%	77.5%	12.7%	0.6%
Social-educational family support	58.2%	37.3%	3.3%	1.3%	0.0%
Pregnancy conflict counselling	0.3%	57.7%	39.4%	2.3%	0.3%
Women's shelter	18.8%	66.3%	5.1%	16.7%	4.5%
Early intervention centre	75.8%	16.2%	4.5%	3.8%	0.0%
Advice for foreign nationals	0.0%	65.1%	28.0%	11.8%	0.3%
Advice centre for resettled persons	0.0%	68.6%	22.7%	8.5%	0.2%
Total	*18.5%*	*38.8%*	*35.4%*	*7.4%*	*0.7%*

Table 88: Institutions / services of the Diakonisches Werk by number of employees / weighting of shares according to the wage cost factor for full-time staff

Facility / Service *)	Number of facilities	Employees	Full-time	Part-time	***Weighting: Full-time + (50%) Part-time***
Parenting advice / youth counselling	92	298	144	154	**221**
Family, marriage and life counselling	194	910	323	587	**617**
Health Resort Advice and Referral Centre	58	75	14	61	**45**
Social-educational family support	166	876	367	509	**622**
Pregnancy conflict counselling	178	470	175	295	**323**
Early Intervention Centre	47	426	184	242	**305**
Advice for foreign residents	41	49	22	27	**36**
Advice Centre for Returnees	104	215	124	91	**170**
Total	*880*	*3,319*	*1,353*	*1,966*	*2,339*

Table 89: as in Table 87, but weighted according to Table 88 (percentage multiplied by weighting)

Facility / Service	Service fees	Public fund-ing/subsidies	Own funds from church sources	Own funds from other sources	User fees
Educational and youth counselling	3,470	14,078	3,602	1,282	66
Family, marriage and life counselling	1,789	23,076	31,097	5,059	679
Spa Advice and Referral Centre	72	338	3,488	572	27
Social-educational family support	36,200	23,201	2,053	809	0
Pregnancy conflict counselling	97	18,637	12,726	743	97
Early Intervention Centre	23,119	4,941	1,373	1,159	0
Advice for foreign nationals	0	2,344	1,008	425	11
Advice centre for resettled persons	0	11,662	3,859	1,445	34
Weighted shares 234,638	*64,747*	*98,277*	*59,206*	*11,494*	*914*
Total percentage shares 100%	*27.6%*	*41.9%*	*25.2%*	*4.9%*	*0.4%*

Despite all the variations in the proportions across the various institutions and services, it is now at least possible to identify a more plausible general order of magnitude. Based on these proportions (*Table 90*), the staff at the counselling centres run by the Caritas Association and the Diakonisches Werk are funded from the following sources in terms of wage costs: around a quarter (22.9 / 27.6 per cent) comes from *service fees*. Around two-fifths (40.8 / 41.9 per cent) comes from *public grants*. A good quarter (29.8 / 25.2 per cent) comes from *church funds*. Income from the counselling centre's own resources accounts for 5 per cent, whilst contributions from user fees amount to less than one per cent (0.4 / 0.4 per cent). If we now take an average of 43,000 euros as the basis for wage costs, the scale of the financial expenditure becomes clear.

Table 90: Funding of the DCV and DW counselling services

	DCV	*DW*	*DCV*	*DW*	*Total*
Staff	6,476	5,780			
Funded by:	*as a %*		*in euros*		
Service charges	*22.9*	*27.6*	63,769,000	68,585,000	132,354,000
Public funding	*40.8*	*41.9*	113,606,000	104,146,000	217,752,000
Church funds	*29.8*	*25.2*	82,990,000	62,651,000	145,641,000
Equity	*6.0*	*4.9*	16,727,000	12,169,000	28,896,000
User charges	*0.4*	*0.4*	1,118,000	989,000	2,107,000
Totals	*100*	*100*	*278,210,000*	*248,540,000*	*526,750,000*

Of the total wage costs of 527 million euros, 132 million euros are therefore financed by service charges, 218 million euros come from public subsidies, 146 million euros from church funds, 29 million euros from the provider's own resources and 2 million euros from user fees.

Although these figures are subject to various uncertainties, which should be borne in mind when interpreting them, they clearly show a trend whereby, in this area too, public funding – comprising service fees and direct public grants (totalling 350 million euros, or 66.5 per cent) – accounts for two-thirds of the total funding. However, the allocation of 145 million euros from church funds (27.6 per cent) highlights the importance attached to these counselling activities by the churches, which are also frequently classified as 'special church services'. This focus thus corresponds precisely to self-help for one's own benefit: 'This task stems from the church's tradition of first establishing charitable activities within its own congregations, because the Gospel's commandment of love must first and foremost be put into practice within one's own sphere.'[247]

Since there is fierce competition even within church bodies over the allocation of funds, a convincing justification is required as to why counselling centres should be subsidised. The purpose becomes clear when one considers that the various institutions are closely interlinked and that the counselling centres 'serve' only those institutions to which they are (denominationally) assigned. As these residential facilities (such as hospitals, addiction clinics, reform schools, supported housing, family holiday centres, etc.) are either fully or largely publicly funded, or charge service fees that exempt them from church funding, they require a level of occupancy that covers their costs. In this sense, the counselling centres act as a sort of 'funnel', narrowing or restricting the selection of measures and recommendations for suitable residential facilities to their own association.

One argument against these funding shares – specifically regarding an excessively high proportion of church funds – is, amongst other things, the *financial structure survey conducted by the Diakonisches Werk of the Protestant Church in the Rhineland* on 'services not funded by care rates', which was carried out for 1994 and 1995–1977[248] and in which 'church grants' fell from 2.8 per cent (1994) to 2 per cent (1995–1997).

A final example illustrates the distinctive nature of these grants: 'Following the approval of church funds for the *counselling and support of church staff suffering from excessive debt*, the counselling centre has been able to increase its staffing by 0.25 FTE since 1 August 2002.'[249]

Child and Youth Welfare
(excluding childcare centres)

Financial volume	2 billion euros

Legal basis
Social Code Book VIII (Child and Youth Welfare)

Funding
State funding, service fees, grants

The umbrella term 'child and youth welfare' encompasses a wide and diverse range of different types of facilities. The Federal Statistical Office categorises this sector (excluding childcare centres) into 39 different types of institution. These range from 'residential educational care facilities with several groups operating in shifts on a single site (main building)' to 'large-scale care homes' and 'parent and family education centres'.

In 1961, both the Federal Social Assistance Act (BSHG) and the revision of the Youth Welfare Act (JWG) – the precursor to the Child and Youth Welfare Act (KJHG), which was incorporated into the Social Code as Book VIII in 1990/1991 – the primacy of independent providers over public providers was enshrined. SGB VIII states the following in this regard:

"Section 3 Independent and public youth welfare services. (1) Youth welfare services are characterised by a diversity of providers with a wide range of values, and by a diversity of content, methods and working practices. […] Section 4 Cooperation between public and independent youth welfare services. […] (2) Insofar as suitable facilities, services and programmes are operated by recognised non-state youth welfare organisations or can be established in good time, the public youth welfare service shall refrain from implementing its own measures. (3) The public youth welfare service shall support non-state youth welfare in accordance with the provisions of this Book, whilst promoting the various forms of self-help.
§ 5 Right to express preferences and make choices. (1) Those entitled to benefits have the right to choose between facilities and services provided by a wide variety of organisations and to express their preferences regarding the organisation of the support. They must be made aware of this right."

With such a 'priority rule', it is no wonder that in 2002 just under three-quarters (73.6 per cent) of all child and youth welfare facilities were run by independent organisations (*Table 91*).

Table 91: Child and youth welfare facilities by provider, 1994 / 2002 (excluding day-care centres)

Provider	Total		Proportions		Proportions of facilities Independent organisations		Proportion of institutions BAGFW	
	1994	2002	1994	2002				
Public bodies	6,704	7,468	27.7	26.4				
Independent organisations	17,494	20,818	72.3	73.6	1994	2002	1994	2002
Of the organisations run by independent bodies, the following are accounted for by:								
Workers' Welfare Organisation	873	1,170	*3.6*	*4.1*	5.0	5.6	*7.2*	*8.5*
Paritätischer	1,858	2,792	*11.5*	*9.9*	10.6	13.4	*15.4*	*20.4*
German Red Cross	382	439	*1.6*	*1.6*	2.2	2.1	*3.2*	*3.2*
Diakonisches Werk	4,069	4,846	*16.8*	*17.1*	23.3	23.3	*33.6*	*35.4*
Caritas Association	4,902	4,435	*20.3*	*15.7*	28.0	21.3	*40.5*	*32.4*
Central Welfare Office	19	14	*0.1*	*0.05*	0.1	0.1	*0.2*	*0.1*
BAGFW	*12,103*	*13,696*	*50.0*	*48.4*	*69.2*	*60.9*	*100*	*100*
Other religious groups	326	427	*1.8*	*1.5*	1.9	2.1		
Youth organisations	1,578	1,319	*6.5*	*4.7*	9.0	6.3		
Economy	434	813	*1.8*	*2.9*	2.5	3.9		
Other associations	3,053	4,563	*12.6*	*16.1*	17.5	21.9		
Totals	*24,198*	*28,286*	*100*	*100*	*100*	*100*		

Sources: Federal Statistical Office (1996) Specialist Series 13, Series 6.3. Institutions and staff in youth welfare, 1994, p. 80ff.; Federal Statistical Office (2004) Statistics on child and youth welfare, Part III.2, Table 2. Institutions as at 31 December 2002.

Table 92: Available places in child and youth welfare by provider, 2002 (excluding day-care centres)

Provider	Places	Proportions		
		Total	of places provided by independent providers	of the places provided by the BAGFW
Public providers	38,008	11.9%		
Independent providers	280,760	88.1		
Of the facilities run by independent organisations, the following are accounted for by:				
Workers' Welfare Organisation	11,228	3.5%	4.0%	6.8 %
Paritätischer	49,329	15.5%	17.6%	29.9%
German Red Cross	4,631	1.5%	1.6%	2.8%
Diakonisches Werk	48,192	15.1%	17.2%	29.2%
Caritas Association	51,744	16.2%	18.4%	31.3%
Central Welfare Office	60	0.02%	0.02%	0.04%
BAGFW	*165,184*	*51.8%*	*58.8%*	*100%*
Other religious communities	2,294	0.7%	0.8	
Youth organisations	13,595	4.3%	4.8	
Commercial enterprises	11,213	3.5%	4.0%	
Other organisations	88,474	27.8%	31.5%	
Totals	*318,768*	*100%*	*100%*	

Sources: Federal Statistical Office (1996) Specialist Series 13, Series 6.3. Institutions and staff in youth welfare, 1994, p. 80ff.; Federal Statistical Office (2004) Statistics on child and youth welfare, Part III.2, Table 2. Institutions as at 31 December 2002.

Compared with 1994, this proportion of independent providers has risen slightly, primarily due to the greater number of institutions in the sector of independent (parental) initiatives, whether they are members of the Paritätischer or an 'other association'.

Caritas and Diakonia account for around one third of all facilities (32.8 per cent) and available places (31.3 per cent). As might be expected, they form the largest group; however, in this sector, the independent 'other associations' outnumber them as individual organisations. This reflects the fact that this group includes, amongst others, youth hostels and youth guesthouses.

Whilst the Diakonisches Werk has more facilities (4,846) than Caritas (4,435) and increased this figure by around 800 facilities between 1994 and 2002, the number of facilities within Caritas fell by around 500 over the same period. However, as Caritas facilities have a higher average number of available places per facility (41.3) than those of the Diakonisches Werk (22.6 places), Caritas has a greater number of places (51,744) than the Diakonia (48,192) despite having fewer facilities (*Table 92*).

A total of 1.95 billion euros was spent on child and youth welfare facilities (excluding day-care centres) in 2002.[250] For facilities run by independent providers, 764 million euros (764,226,000 euros) was spent on direct expenditure. In line with their market share of places among independent providers (35.6 per cent), €272 million of this would be attributable to Caritas and Diakonia.

No grants from the churches could be identified. And insofar as such grants were channelled into the educational, youth and family counselling centres also included in this compilation, they would already have been taken into account under the *'counselling centres'* category.

Childcare centres

Financial volume	€ 9.2 billion

Legal basis
Sections 22 to 26 of Book VIII of the Social Code (SGB VIII); implementing laws and statutory regulations of the federal states

Funding
Federal states / local authorities, parental contributions, funding for service providers

In total, there were 47,279 childcare centres in Germany (in 2002). The providers are divided into just two groups: *public providers* and *independent providers*. The independent providers (with 28,193 centres = 60 per cent) significantly outnumber the public providers (with 19,086 centres = 40 per cent).

The *independent providers* are dominated by the LIGA (the Federal Association of Independent Welfare Organisations) (81 per cent of the centres), and within the BAGFW it is the two denominational associations that run three-quarters (74.8 per cent) of the LIGA centres.

Caritas / the Catholic Church runs (as at the end of 2002) 9,288 nurseries nationwide (the legal entities are the local parishes or Caritas) and thus accounts for just under twenty per cent of all childcare facilities (19.6 per cent). 72,229 educational and care staff look after 661,153 children.

In the Protestant sector, there are a total of 7,871 facilities (or one-sixth, i.e. 16.6 per cent, of all facilities) with 60,811 staff and 500,534 places.[251]

In other words: the two major church-run groups *together* operate a good third (36.2 per cent) of all childcare centres in Germany.

The proportions of these providers vary greatly across Germany's regions. In some federal states, denominational providers have a virtual monopoly on nursery places, which are now guaranteed by law. For example, in Bavaria (in 2000), 2,433 (or 42 per cent of all nurseries) were under Catholic management and a further 950 (or 16 per cent) under Protestant supervision.

Overview 93: Day-care centres for children, number of centres 1994 / 2002

Provider	Facilities		Percentage		BAGFW		Change
	1994	2002	1994	2002	1994	2002	1994–2002
Public bodies	22,108	19,086	*47.4*	*40.4*			*- 13.7%*
Independent organisations	24,515	28,193	*52.6*	*59.6*			*+ 15.0%*
Total	*46,623*	*47,279*	*100*	*100*			*+ 1.4%*
*Of the institutions run by **independent organisations**, the following are accounted for by:*							
Workers' Welfare Organisation	1,294	1,906	*5.3*	*6.8*	6.2	8.3	*+ 47.3%*
Equal WV	1,662	2,754	*6.8*	*9.8*	8.0	12.0	*+ 65.7%*
German Red Cross	754	1,104	*3.1*	*3.9*	3.6	4.8	*+ 46.4%*
Diakonisches Werk / EKD	7,699	7,871	*31.4*	*27.9*	36.8	34.3	*+ 2.2%*
Caritas / Catholic Church	9,487	9,288	*38.7*	*32.9*	45.4	40.5	*- 2.1%*
Proportion of Jews	7	15	*0.03*	*0.05*	0.03	0.07	-
Subtotal LIGA	*20,903*	*22,938*	*85.3*	*81.4*	100	100	*+ 9.7%*
Other religious communities	142	173	*0.6*	*0.6*			*+ 21.8%*
Youth organisations	33	32	*0.1*	*0.1*			-
Commercial enterprises	123	233	*0.5*	*0.8*			*+ 89.4%*
Other associations	3,314	4,817	*13.5*	*17.1*			*+ 45.4 per cen*

Source: 1994: Federal Statistical Office: Specialist Series 13, Series 6.3: Institutions and staff in youth welfare, 1994. Wiesbaden 1996, p. 80 ff.; 2002: Federal Statistical Office: Statistics on Child and Youth Welfare. Day-care centres for children as at 31 December 2002. Wiesbaden 2004, Part III.1.

Overview 94: Day-care centres for children, number of places 1994 / 2002

Provider	Places		Percentage		BAGFW		Change
	1994	2002	1994	2002	1994	2002	1994–2002
Public bodies	1,545,552	1,341,174	*50.6*	*43.3*			*- 13.2%*
Independent organisations	1,507,169	1,755,359	*49.4*	*56.7*			*+ 16.5%*
Total	*3,052,721*	*3,096,533*	*100*	*100*			*+ 1.4%*
*Of the institutions run by **independent organisations**, the following are accounted for by:*							
Workers' Welfare Organisation	90,014	135,081	*6.0*	*7.7*	6.5	8.7	*+ 50.1%*
Joint WV	86,124	164,675	*5.7*	*9.4*	6.2	10.7	*+ 91.2%*
German Red Cross	56,673	82,507	*3.8*	*4.7*	4.1	5.3	*+ 45.6 %*
Diakonisches Werk / EKD	478,830	500,534	*31.8*	*28.5*	34.6	32.4	*+ 4.5%*
Caritas / Catholic Church	673,482	661,153	*44.7*	*37.7*	48.6	42.8	*- 1.8%*
Jewish population	525	1,066	*0.03*	*0.1*	0.04	0.1	-
Subtotal 'LIGA'	*1,385,648*	*1,545,016*	*91.9*	*88.0*	100	100	*+ 11.5%*
Other religious communities	7,375	9,131	*0.5*	*0.5*			*+ 23.8%*
Youth organisations	1,598	1,277	*0.1*	*0.1*			-
Commercial enterprises	5,318	12,391	*0.4*	*0.7*			*+ 133 %*
Other associations	107,230	187,544	*7.1*	*10.7*			*+ 74.9%*
Independent organisations:	*1,507,169*	*1,755,359*	*100*	*100*			*+ 16.5%*

Sources: 1994: Federal Statistical Office: Specialist Series 13, Series 6.3: Institutions and staff in youth welfare, 1994. Wiesbaden 1996, p. 80 ff.; 2002: Federal Statistical Office: Statistics on Child and Youth Welfare. Day-care centres for children as at 31 December 2002. Wiesbaden 2004, Part III.1.

Thus, 58 per cent of Bavarian nurseries were run by religious organisations. 1,822 nurseries (31 per cent) are run by local authorities, and the remaining 652 facilities (11 per cent) are run by the Workers' Welfare Association, the German Red Cross or 'other operators'.[252] A general trend (not only in Bavaria) is that the more rural the area, the more religious the provision – to the point of a Christian monopoly. In the New Federal States (more details below), however, the situation is the opposite, as religious providers are only marginally represented there.

Although the absolute number of childcare centres in Germany rose only slightly (by 1.4 per cent) between 1994 and 2002 (*Table 93*), the proportion of publicly run centres fell significantly (by 13.7 per cent), whilst the number of centres run by independent providers increased (by 15 per cent). The combined share of the two church-run groups fell slightly (by 0.6 percentage points) – whilst the Diakonia 'gained' in terms of facilities (172 childcare centres, or an increase of 2.2 per cent), the Catholic providers lost a similar number (199 childcare centres, or a decrease of 2.1 per cent) – whilst all other independent providers have seen a significant increase. As the 'other associations' – which predominantly refer to parents' initiatives – are 'expanding' their number of centres so massively (by 1,503 nurseries or 45.4 per cent), the shares held by church-run providers are falling in relative terms, even though Diakonia is growing in absolute terms.

These changes from 1994 to 2002 – a reduction in public providers, an above-average increase in independent providers outside the BAGFW, and a relative decline in the share of denominational providers – are also reflected in the number of places (*Table 94*). Although the number of places in Protestant childcare centres is rising slightly (from 15.7 to 16.2 per cent), the net decrease in Catholic facilities (from 22.1 per cent to 21.4 per cent) results in an overall slight reduction in the proportion of denominational childcare places (from 37.8 per cent to 37.6 per cent), relative to all childcare places in Germany. Even within the League, the proportion of denominational childcare centres is falling (from 82.2 to 74.8 per cent), as the other associations are recording significantly higher growth rates.

Special features

However, the still dominant position of the umbrella organisations of independent welfare services – and, in particular, the significance of the two Christian organisations – is not a pan-German phenomenon, but rather a 'West German' peculiarity.

Table 95: Day-care centres for children in Germany, 1994

Provider	Germany		'Old' federal states		'New' federal states	
	Number	%	Number	%..	Number	%..
Public	22,108	47.4	11,613	34.0	10,495	84.3
Independent organisations	24,515	52.6	22,558	66.0	1,957	15.7
Total	*46,623*	*100*	*34,171*	*100*	*12,452*	*100*

Source: Federal Statistical Office (1996): Specialist Series 13, Series 6.3: Facilities and staff in youth welfare services 1994, pp. 18–19, 80–81, 96–97.

Table 96: Day-care centres for children in Germany, 2002

Provider	Germany		'Old' federal states *		'New' federal states *	
	Number	%	Number	%..	Number	%..
Public	19,086	40.4	13,092	35.7	5,165	60.5
Independent organisations	28,193	52.6	23,610	64.3	3,378	39.5
Total	*47,279*	*100*	*36,702*	*100*	*8,543*	*100*

Source: Federal Statistical Office (2004): Statistics on Child and Youth Welfare 2002, Part III.1, Table LT1
**) excluding Berlin in each case*

Table 97: Providers of childcare facilities in the federal states (2002), listed in order of the proportion of independent providers (column 6)

State	Day-care centres					Proportions of the federal states		
	Total	Public	%	Inde-pen-dent	%	Total	Public	Inde-pen-dent
1	2	3	4	5	6	7	8	9
Bremen	397	95	23.9	302	76.1	0.8	0.5	1.1
SH	1,635	422	25.8	1,213	74.2	3.5	2.2	4.3
Hamburg	904	234	25.9	670	74.1	1.9	1.2	2.4
Saar	502	142	28.3	360	71.7	1.1	0.7	1.3
NRW	8,575	2,515	29.3	6,060	70.7	18.1	13.2	21.5
Bavaria	7,210	2,282	31.7	4,928	68.3	15.2	12.0	17.5
NDS	4,156	1,400	33.7	2,756	66.3	8.8	7.3	9.8
Total	*47,279*	*19,086*	*40.4*	*28,193*	*59.6*	*100*	*100*	*100*
Berlin	2,034	829	40.8	1,205	59.2	4.3	4.3	4.3
Baden-Württemberg	7,445	3,228	43.4	4,217	56.6	15.7	16.9	15.0
MV	1,020	464	45.5	556	54.5	2.2	2.4	2.0
Hesse	3,541	1,671	47.2	1,870	52.8	7.5	8.8	6.6
RLP	2,337	1,103	47.2	1,234	52.8	4.9	5.8	4.4
Thuringia	1,379	668	48.4	711	51.6	2.9	3.5	2.5
Saxony	2,661	1,575	59.2	1,086	40.8	5.6	8.3	3.9
Brandenburg	1,755	1,208	68.8	547	31.2	3.7	6.3	1.9
S-Anhalt	1,728	1,250	72.3	478	27.7	3.7	6.5	1.7

Source: Federal Statistical Office: Statistics on Child and Youth Welfare, Part III. 1. Wiesbaden 2004, Table LT1: Day-care centres for children as at 31 December 2002, by type and provider group, by federal state.

Whilst (in 1994) two-thirds (66 per cent) of day-care centres in the former West Germany were run by independent providers, the figure in the new federal states was only 16 per cent (*Table 95*). Even though this difference has narrowed (*Tables 96 and 97*), public providers (at 61 per cent) remain the dominant group in the New Länder – even with the number of facilities having fallen to two-thirds of the original total. Although the scale differs, the distribution of provider groups is, relatively speaking, almost the exact reverse. It also becomes clear that, whilst changes at federal level have seen an increase in the number of institutions in the western Länder, the sharp rise in the number of independent providers has predominantly taken place in the New Länder. In the Old Länder, the relative share of independent providers in the growth in the number of institutions has actually declined.

This disparity in the distribution of independent providers' facilities cannot be explained solely by the tradition of state-run facilities in the GDR; rather, a further breakdown of independent providers' facilities alone (*Table 98*) reveals that the difference in 'denominationalisation' also manifests as a 'mental' distinction.

*Table 98: Day-care centres for children (1994 / 2002) Old / New Federal States**

Provider	Old Länder*)				New Länder*)				Percentage share in the New Federal States	
	Number		%		Number		%			
	1994	2002	1994	2002	1994	2002	1994	2002	1994	2002
AWO	918	1,339	*4.1*	*5.7*	376	543	*19.2*	*16.1*	29.1	28.9
DPWV	1,235	1,655	*5.5*	*7.0*	427	914	*21.8*	*27.1*	25.7	35.6
DRK	493	783	*2.2*	*3.3*	261	319	*13.3*	*9.4*	34.6	28.9
DW EKD	7,227	6,975	*32.0*	*29.5*	472	626	*24.1*	*18.5*	6.1	8.2
Caritas	9,322	9,046	*41.3*	*38.3*	165	176	*8.4*	*5.2*	1.7	1.9
ZWStJ	7	14	*0.03*	*0.06*	-	-	-	-	0	-
See 'Religion'.	123	155	*0.5*	*0.7*	19	15	*1.0*	*0.4*	13.4	8.8
Associations	27	29	*0.1*	*0.1*	6	2	*0.3*	*0.1*	18.2	6.5
Economy	116	136	*0.5*	*0.6*	7	82	*0.4*	*2.4*	5.7	37.6
Other	3,090	3,478	*13.7*	*14.7*	224	701	*11.4*	*20.8*	6.8	16.8
Total	*22,558*	*23,610*	*100*	*100*	*1,957*	*3,378*	*100*	*100*	8.0	12.5

Sources: Federal Statistical Office (1996): Specialist Series 13, Series 6.3: (1994), pp. 18–19, 80–81, 96–97; Federal Statistical Office (2004): Statistics on Child and Youth Welfare. Institutions and staff in child and youth welfare as at 31 December 2002. – Total. Tables A 1 and B 1.
**) excluding Berlin in each case*

Compared with their share (in 1994) of 73.3 per cent amongst independent providers in the western federal states, the two denominational associations in the eastern federal states accounted for only 32.5 per cent, a figure which then fell further (by 2004) to 23.7 per cent of independent providers.

Whilst (in 1994) the proportion of centres in the east accounted for a good quarter of the AWO's and the Paritätische's total number of childcare centres in Germany, and a good third of the Red Cross's total,, for the Diakonisches Werk / Protestant Church the figure is just 6 per cent and for Caritas / the Catholic Church just under 2 per cent of their total childcare centres. Although the Diakonisches Werk's centres have managed to slightly increase their share of all Protestant childcare centres (to 8.2 per cent), this improvement is due in equal measure to the reduction in the number of centres in the West and the increase in the number of centres in the New Federal States.

Conclusion

In 2002, 9.2 billion euros of taxpayers' money was spent in Germany on childcare centres (*Overview 99*). Of this, independent providers received 4.3 billion euros in grants.

Table 99: Expenditure and revenue for childcare centres, 2002

Expenditure		
- for publicly run centres	6,224,629,000 euros	
- for privately run facilities	4,305,792,000 euros	10,350,421,000 euros
Revenue		
- from publicly funded institutions	1,311,007,000 euros	
- Refunds from independent organisations	50,886,000 euros	1,361,893,000 euros
Net expenditure		*9,168,528,000 euros*

Source: Federal Statistical Office: Statistics on Child and Youth Welfare, Expenditure and Revenue 2002. Wiesbaden, April 2004. Table 4.

'Net' expenditure (i.e. expenditure minus revenue) on childcare centres rose sharply between 1991 and 1993, from 4.5 billion euros to 8.2 billion euros (*Overview 100*), and has fluctuated around this level over the years. Similarly, the proportion of expenditure on childcare centres has remained at around 80 per cent of total expenditure on youth welfare. It was not until 2001 and 2002 that there was another noticeable rise in expenditure.

However, these figures do not include 'one-off' state grants. For example, the state of Rhineland-Palatinate included in its 2001 budget a heading 'Grants to church-run nursery schools' amounting to 7.5 million euros, described as a 'special payment to reduce the provider's share of staff costs'.[253] In Bavaria, under the Bavarian Nursery Schools Act, investment and staff cost grants are paid to independent providers, which are not included in the expenditure figures mentioned above. In 2002, staff cost grants for nurseries run by independent providers in Bavaria amounted to around 584 million euros.[254]

Overview 100: Purely government expenditure on childcare centres 1991–2002

Year	Total youth welfare expenditure	Day-care centres	Percentage share	Increase
1991	6,175,414,000	4,486,897,000	*72.7%*	-
1992	8,424,817,000	6,591,460,000	*78.2%*	+ 46.9%
1993	10,146,174,000	8,189,953,000	*80.7%*	+ 24.3%
1994	10,126,222,000	8,088,972,000	*79.9%*	- 1.2%
1995	10,260,079,000	8,159,851,000	*79.5%*	+ 0.9%
1996	10,519,972,000	8,357,039,000	*79.4%*	+ 2.4%
1997	10,220,676,000	8,111,257,000	*79.4%*	- 2.9%
1998	10,114,180,000	7,970,156,000	*78.8%*	- 1.7%
1999	10,249,998,000	8,028,563,000	*78.3%*	+ 0.7%
2000	10,359,354,000	8,074,673,000	*77.9%*	+ 0.6%
2001	10,726,332,000	8,446,423,000	*78.7%*	+ 5.2%
2002	11,581,379,000	9,168,528,000	*79.2%*	+ 8.5 %

Source: Federal Statistical Office: Statistics on Child and Youth Welfare, Expenditure and Revenue 2002. Wiesbaden, April 2004. Table ZR2.

In line with their share of places in privately run childcare centres (*Overview 94*), in 2002 the facilities run by the Diakonisches Werk received 28.5 per cent (= 1,212,648,000 euros) and Caritas facilities 37.7 per cent (= 1,604,100,000 euros) of the total expenditure on privately run facilities, i.e. a combined total of 2.8 billion euros (2,816,748,000 euros).

These payments will not only rise by the usual rates of increase over the coming years, but will rise significantly more sharply, as the denominational providers have announced that they will close their childcare centres unless the state provides higher funding than at present, so that the churches no longer have to pay any subsidies. In the federal state of Hamburg, this 'first step towards phasing out' was already successfully implemented across the board in July 2001. The Senate is not only increasing its existing payments, but 'all new places in church-run childcare centres under the future expansion programme will be 100 per cent funded by the city'.[255]

According to a nationwide estimate, the state's share of the funding for denominational childcare centres amounts to approximately 75 per cent of running costs, 15 per cent comes from parental contributions and around 10 per cent[256] is contributed by the churches, i.e. around 376 million euros (*Overview 101*).

This makes it clear that around 47 per cent[257] to 75 per cent[258] of church expenditure on 'social and charitable purposes' is spent on subsidising the 'children's mission' – at least, this is how the church views its role as the sponsoring body of denominational childcare centres. (All Protestant childcare centres in Hamburg, for example, operate under the shared logo and motto: "Grow up with God'.)

In this sense of mission, the childcare centres should not be regarded as 'altruistic', since it is there – quite self-interestedly – that the future church tax payers are being brought up. The financial contributions made by the churches 'underline the central importance attached to childcare centres from the EKD's perspective'.[259]

Overview 101: Funding of denominational childcare centres (2002)

State grants	2,816,748,000 euros
Parental contributions	563,350,000 euros
Church funds	375,566,000 euros
Total	3,755,664,000 euros

These figures highlight something that was mentioned at the outset: that the majority of denominational childcare centres are run by the established churches and not by charitable organisations operating alongside the church. In this respect, the Church does not subsidise diaconal or charitable institutions for society at large, but simply its own member institutions for the upbringing of the next generation – including future church tax payers. Accordingly, the Church's subsidies for its own childcare centres can be found in the budget plans, for example, under: 'Church work at parish level'.[260]

However, accurate details regarding the funding of childcare centres cannot be found in the church's financial statements in this way. For example, the EKD published the following in 2003: 'Expenditure of the Protestant Church and its member churches by function. Church social work. Childcare centres: 1,569 million euros.'[261] (This refers to the total expenditure by the providers within the EKD on childcare centres.) The figure is misleading in that state subsidies and parental contributions are recorded collectively under 'income' and are not broken down by individual centre. Consequently – due to this misleading statement – the percentage of expenditure allocated to childcare centres rises to a misleading 14.9 per cent of total expenditure.

Similarly, impressive figures are often used to create a false impression: 'The churches stand by their responsibility for childcare centres and, through their financial contribution, continue to ease the burden on public finances. The Regional Church of Baden alone provides around 12 million euros annually to support its 635 childcare centres.'[262] Calculated across the 635 childcare centres, this amounts to 18,898 euros per year

per centre, i.e. this covers the staff costs for a half-time post, leaving nothing else for operating costs or investments. If we now take into account that a Protestant childcare centre (in 1996) had an average of 6.5 staff members,[263] then the funding for a half-time post is actually rather modest. Incidentally, nor do they accept these grants 'with a light heart': '[...] in the case of nurseries, the financial commitment of the churches is particularly high, because public subsidies are lower than for other social institutions."[264]

The particular importance that the churches attach to their childcare centres is evident not only in the scale of their financial contributions – whereby the amount is determined not by the proportion but by the large number of centres – but also in the fact that, of all the centres within the *entire* Caritas Association, two-fifths (40 per cent) are childcare centres, which, moreover, account for 56 per cent of all places within the Caritas Association. Within the Diakonisches Werk, childcare centres make up just under half of all facilities (48.2 per cent) and account for a good half of all places within the Diakonisches Werk (52 per cent). In the sense that Caritas and Diakonia represent non-profit social service providers, grouping all Protestant church-run providers under Diakonia and all Catholic church-run providers under Caritas is more than just a matter of convenience for statistical purposes, as it thereby brings legal entities into a financial alliance that does not actually exist.

Investments

In addition to running costs, investments by denominational providers are also supported by state grants amounting to at least 50 to 70 per cent, as well as preferential interest rates. Of the 4.3 billion euros in grants to independent childcare centres in 2002 (*see Table 99*), 98.3 million euros were 'investment grants'. In line with their share of the facilities, Catholic childcare centres received 32.4 million in state investment grants and the facilities run by the Diakonisches Werk received 27.5 million euros, totalling (in 2002) around 60 million euros. In 1998, investment grants still amounted to 192.5 million euros (= DM 376,787,000).[265] Based on the number of facilities, the following amounts were received for investment in 1998: the German Caritas Association (28.0 per cent) 53.9 million euros and the facilities run by the Diakonisches Werk (23.3 per cent) 44.9 million euros. Both denominational associations received funding for the acquisition, construction and maintenance of childcare day-care centres (which they owned) from taxpayers' money in 1998, totalling around 100 million euros in grants (98.8 million euros = 194 million DM).

‘Poor providers / rich providers’

In North Rhine-Westphalia – that is, the federal state in which there are a particularly large number of ‘independent’ providers of (church-run) childcare facilities – the principle of equality amongst providers has been implemented through a differentiated funding system based on the criterion of financial strength. The Kindergarten Act authorises the state to “appropriately increase its grant beyond the standard level if it is demonstrated that the provider cannot continue to run the kindergarten without an increase in the grant. The evidence must, in particular, demonstrate that all reasonable financing options have been exhausted.”[266] Although the churches have taken different positions in two expert reports, this was legally sound and “the statutory differentiation between ‘poor’ and ‘rich’ providers is [ ] not open to criticism, as the preference support for ‘poor’ operators is aimed at preserving parents’ freedom of choice and thus at strengthening a functional mechanism, without which the independence of denominational providers in particular would come into conflict with the negative freedom of confession.”

In guidelines dating from 1983, the presumption that an organisation was ‘poor’ was applied to the DPWV, the Workers’ Welfare Association and the German Red Cross. Municipal institutions were exempted (as they were funded by state taxes), as were church-run organisations. However, as stated in the Minister’s guideline: “If such an organisation provides evidence that it cannot continue to run the nursery without an increase in the grant, I reserve the right to decide on a case-by-case basis.”[267]

Current developments

In response to the demands, which have persisted for years, to increase state grants – particularly from the churches, which have ‘raised the possibility’ of relinquishing their sponsorship roles to consolidate church finances, a process they actually began in 2004 – the federal states reacted in different ways. Berlin and Rhineland-Palatinate accommodated the operators by reducing the prescribed operator contributions towards staff costs to 9 per cent and 12.5 per cent respectively. Schleswig-Holstein increased its state contribution to 60 million euros and passed this on as a lump sum to the local authorities, which are now expected to negotiate directly with the sponsoring bodies at local level – that is, the mayor with the pastor,

as to what the provider's contribution should actually be. Hamburg has introduced a childcare voucher, thereby completing the transition from 'facility-based funding' (a flat-rate subsidy for childcare centres based on the number of places) to 'child-based funding' (where individual children receive subsidies), which has resulted in additional expenditure of around 50 million euros. The most recent statement on the orientation and funding of childcare centres was published by the EKD in March 2004. Regarding the view that Protestant childcare centres are non-profit organisations open 'to all', it states:

'Religious education has a natural place within this [the educational mandate of the day-care centres, C.F.]. Protestant day-care centres must also, indeed, be, above all, places of religious education. It follows from this that a key characteristic of Protestant childcare centres is their religious education work with children. This provides children, regardless of their religious background, with a specific Christian orientation towards life and action, and invites them to engage constructively and independently with the Christian faith."

As for funding, it states that the Church is working to ensure that the state "increasingly provides full state funding for nursery places to which children are legally entitled and, insofar as financial circumstances permit, guarantees that no fees are charged".[268]

A report from Bavaria illustrates that this entitlement is often already a reality:

"A hundred 'yes'es rang out in response to Caritas Chairman Dr Albert Hauser when he asked the Karlsfeld nursery children whether they liked their new building. Dr Hauser himself also had reason to celebrate at the opening of the new 'Arche Noah' nursery on 27 February 2002: 'This is a wonderful opening because the local authority is paying for everything.'"[269]

Hospitals

Financial volume	57.6 billion euros

Legal Basis
Section 107(1) of Book V of the Social Code defines what is meant by a hospital: An institution that has the following characteristics: 1. hospital treatment or obstetric care; 2. medical management and scientifically recognised methods; 3. staff available at all times to diagnose and treat illnesses or provide obstetric care; and 4. the ability to accommodate and provide for patients. Conclusion of a care contract with health insurance funds in accordance with Section 109(1) of the Social Code Book V– (for public and non-profit hospitals), or a licence under Section 30 of the Trade Regulation Act (for private hospitals).

Funding
The Federal Hospital Financing Act (KHG) and the corresponding hospital financing laws of the federal states.

1. General hospitals

In Germany, there are (as of 2001) around 2,000 general hospitals[270] with a total of more than 500,000 beds (*Table 102*).

Table 102: Hospitals in Germany by governing body – 1990, 1998, 2001

Operating body	1990		1998		2001	
	Number	%	Number	%	Number	%
Public sector	1,027	*47.0*	788	*38.8*	723	*36.2*
Non-profit	835	*38.3*	823	*40.6*	804	*40.3*
Private	321	*14.7*	419	*20.6*	468	*23.5*
Total	*2,183*	*100*	*2,030*	*100*	*1,995*	*100*

Source: Federal Statistical Office, Specialist Series 12, Series 6.1. Healthcare: Basic data on hospitals and preventive care or rehabilitation facilities, 1990, 1998, 2001.

Within the three-tier structure of the healthcare system, there are 723 state-run hospitals (= 36 per cent), 804 (= 40 per cent) are run by non-profit organisations and 468 (= 24 per cent) are privately run. Since the early 1960s, both the number of hospitals and the number of state-run hospitals have fallen significantly, with the proportion of privately run hospitals increasing.

However, this overview [271] downplays a trend which, in 1990 – when figures for West and East were presented separately – was still the long-standing dominance of non-profit hospital operators in the former Federal Republic.

Table 103: Hospitals in Germany by operating body – Old / New Federal States, 1990

Operating body group	Old Federal States		New Federal States		Total	
	Number	%	Number	%	Number	%
Public sector	727	40.0	300	82.2	1,027	47.0
Non-profit organisations	772	42.5	63	17.3	835	38.3
Private	319	17.5	2	0.5	321	14.7
Total	*1,818*	*100*	*365*	*100*	*2,183*	*100*

Source: Federal Statistical Office (1992), Specialist Series 12, Series 6.1. Healthcare: Basic data on hospitals and preventive care or rehabilitation facilities 1990.

Whilst in the old federal states, independent non-profit organisations accounted for the majority (42.5 per cent) of all hospital operators, closely followed by public operators (40.0 per cent), in 1990 the situation of 'state socialism' still prevailed in the East, as reflected, amongst other things, in the fact that 82.2 per cent of all hospital operators were state-run.

However, the number of hospitals is not sufficient evidence of market presence, which is better reflected in the number of available beds (*Table 104*).

Table 104: Hospital beds in Germany by operator – 1990, 1998, 2001

Operating body group	1990		1998		2001	
	Number of beds	%	Number of beds	%	Number of beds	%
Public sector provider	377,073	62.3	295,382	55.3	276,754	53.6
Non-profit organisations	205,391	33.9	202,270	37.9	198,205	38.4
Private	22,779	3.8	36,118	6.8	41,283	8.0
Total	*605,243*	*100*	*533,770*	*100*	*516,242*	*100*

Source: Federal Statistical Office (1992), Specialist Series 12, Series 6.1. Healthcare: Basic data on hospitals and preventive care or rehabilitation facilities, 1990, 1998, 2001.

In this respect, state-run hospitals – which account for a significantly larger number of 'large hospitals' – still lead the way, however, this trend is also on the decline in favour of private providers, whose share doubled from 3.8 to 8.0 per cent between 1990 and 2001, whilst the state's share fell from 62.3 to 53.6 per cent. Once again – as a counterbalance to the trend in western Germany – the proportion of hospital beds run by state bodies has increased significantly as a result of reunification (*Table 105*).

Table 105: Hospital beds by provider – Old / New Länder, 1990

Operating body	Old Länder		New Federal States		Total	
	Number of beds	%	Number of beds	%	Number of beds	%
Public sector	255,308	*53.9*	121,765	*92.8*	377,073	*62.3*
Non-profit organisations	196,256	*41.4*	9,135	*7.0*	205,391	*33.9*
Private	22,519	*4.7*	260	*0.2*	22,779	*3.8*
Total	*474,083*	*100*	*131,160*	*100*	*605,243*	*100*

Source: Federal Statistical Office (1992), Specialist Series 12, Series 6.1. Healthcare: Basic data on hospitals and preventive care or rehabilitation facilities 1990.

Whilst in 1990 the western federal states already had a proportion of state-run beds (53.9 per cent) comparable to that of Germany as a whole in 2001 (53.6 per cent), the proportion accounted for by non-profit organisations in particular – which stood at 41.4 per cent in the western federal states in 1990 – had been reduced to 33.9 per cent at that time and is only slowly regaining its former share.

Caritas and Diakonia

Now, at the beginning of this study[272], we had already noted that, amongst the non-profit organisations, the two denominational associations dominate the hospital sector. Under the umbrella of the German Caritas Association, there were (in 2001) 383 hospitals[273] with 104,446 beds (*Table 106*). This represents 19 per cent of all (general) hospitals and 20 per cent of all hospital beds.

Table 106: Hospitals / Hospital beds / Staff, Germany, 2001 – Total / Shares of Caritas and Diakonisches Werk

Total	Total	Caritas		Diakonia		DCV + DW	
	Number	Number	%	Number	%	Number	%
Hospitals	1,995	383	*19.2%*	194	*9.7%*	577	*28.9%*
Hospital beds	516,242	104,446	*20.2%*	52,492	*10.2%*	156,938	*30.4%*
Employees (full-time equivalents)	785,484	144,725	*18.4%*	70,781	*9.0%*	215,596	*27.4%*

Source: Federal Statistical Office (2003), Specialist Series 12, Series 6.1. Healthcare: Basic data on hospitals and preventive care or rehabilitation facilities 2001, as well as the institutional statistics of the Caritas Association and the Diakonisches Werk.

The Diakonisches Werk association comprises (as of 2002) 194 hospitals with 52,492 beds. (This represents 10 per cent of all German hospitals and 10 per cent of all hospital beds.)

In these hospitals (*Table 107*), Caritas employed 174,580 staff members (114,871 full-time / 59,709 part-time) were employed, whilst the hospitals within the Diakonisches Werk employed 86,104 staff members (55,638 full-time / 30,466 part-time) – meaning that a total of 260,684 staff members are employed by both organisations in these hospitals. (Converted to full-time equivalents [full-time + ½ part-time]: Caritas = 144,725, Diakonisches Werk = 70,871, both organisations = 215,596.)

Table 107: Hospitals / Hospital beds / Employees, Germany, 2001 – Independent non-profit organisations / Proportions accounted for by Caritas and Diakonisches Werk

Independent non-profit organisations	**Total**	Caritas		Diakonia		DCV + DW	
	Number	Number	%	Number	%	Number	%
Hospitals	**804**	383	*47.6%*	194	*24.1%*	577	***71.8%***
Hospital beds	**198,205**	104,446	*52.7%*	52,492	*26.5%*	156,938	***79.2%***
Employees (full-time equivalents)	**255,721**	144,725	*56.6%*	70,781	*27.7%*	215,596	***84.3%***

Source: Federal Statistical Office (2003), Specialist Series 12, Series 6.1 and 6.3, as well as the institution statistics of the Caritas Association and the Diakonisches Werk.

In this respect – general hospitals and children's hospitals – around 30 per cent of hospitals in Germany, as well as 30 per cent of hospital beds and more than a quarter of staff, are run by religious organisations.

As regards the share held by the two denominational associations in the non-denominational non-profit hospitals, this amounts to just under three-quarters (71.8 per cent). Around 80 per cent of non-profit beds are in Caritas and Diakonia hospitals [274] and 84 per cent of staff in non-profit hospitals are employed under the special church labour law known as the 'Third Way'.

The costs for these 804 hospitals amounted (in 2001) to 50.4 billion euros (50,405,452,000 euros).[275] Of this total, independent non-profit hospitals accounted for 17.5 billion euros (= 17,495,097,000 euros). Based on the share of hospital beds held by the two religious associations within the non-profit sector (79.2 per cent), the hospitals run by Caritas and the Diakonisches Werk therefore accounted for 13.9 billion euros. If we take the average cost per general hospital (23,634,070 euros × 577) as a basis, the figure is 13.7 billion euros. Based on the average cost per hospital bed (95,788 euros × 156,938), the figure is around 15 billion euros, which is spent on hospitals run by religious organisations.

These costs are funded entirely from public funds. Even when people are fully aware of the facts, this reality is repeatedly misrepresented; for example, when the then Vicar General of Cologne, Feldhoff, in the 2003 Christmas special edition of the Church Newspaper for the Archdiocese of Cologne, answered the question: 'What do I get in return for my church tax?' as follows: 'Everyone lives in a parish. There is a parish priest there, perhaps also a curate, a sexton, an organist; if they have children, they may attend the nursery. If they fall ill, they go to a hospital. Very often these are hospitals run by the Catholic Church. The list could go on and on." [276] This is further clarified by the remarkable and excellently documented survey by Heike Jackler, [277] in which all dioceses and regional churches confirm that not a single cent from church tax goes towards the operating or investment costs of denominational hospitals – something Feldhoff himself had also explicitly stated in the past. So why, then, did the former Federal Constitutional Court judge Paul Kirchhof also speak out at the 'Church Tax Conference' (on 17 March 2004, University of Bochum) in favour of retaining church taxes, arguing that they 'not only constitute the bulk of the Church's income, but also ensure the maintenance of nurseries, *hospitals* and schools, and thus benefit the citizens'?[278] As an 'expert', shouldn't he know better?

2. Specialist hospitals

The hospitals referred to in the previous section were general hospitals, including children's hospitals. Specialist hospitals have not yet been taken into account.

According to the Federal Statistical Office's figures, there are a further 243 specialist hospitals[279] , which report total net costs of just under 4 billion euros (3,995,714,000 euros). As no detailed breakdowns by governing body are available for these hospitals (the majority of which are psychiatric clinics), only the figures provided by the Caritas Association and the Diakonisches Werk can be used for comparison. Caritas lists a further 85 hospitals in 2001 (excluding hospitals for people with addictions and drug dependence), whilst the Diakonisches Werk lists a further 104 clinics. This means that the two organisations operate 189 of the remaining hospitals – although the counting criteria could not be clarified precisely – which means that 78 per cent of the operating costs of clinics are generated by these two organisations: 3.12 billion euros.

3. Dual funding

In addition to the running costs, which are (predominantly) to be paid by the health insurance funds, investment in the construction, maintenance and modernisation of hospitals is financed from public funds. This dual (two-track) system of hospital financing was established in 1972 by the Hospital Financing Act (KHG). The legal form or the operating body should not be given special consideration in the financing process, in order to preserve the 'diversity' of hospital operators.

Investment funding

Investment costs include both the construction (new build, conversion, modernisation) of a hospital and the acquisition of assets typical of hospitals (excluding consumables), as well as the costs of replacing fixed assets. The cost of the land, its financing and its development are not included in the investment costs.

To be eligible for funding, a hospital must be included in the hospital plan and must be taken into account for investment in the state's investment programme. Investment funding may take the form of *individual grants* or *lump-sum grants*. In the case of lump-sum grants (Section 9(3) of the Hospital Act), the federal states finance the replacement of short-term fixed assets and also minor construction works through fixed lump-sum allocations, which the hospitals are free to use as they see fit. In the case of individual funding, the following are funded upon application by the hospital: the construction of a hospital, the initial provision of fixed assets and the replacement of fixed assets used over the longer term. However, start-up costs, costs of conversion to other uses (e.g. as a care home) and so on are also funded. *Maintenance costs,* however, must be included in operating costs.

In 2002, a total of 3.22 billion euros was allocated from the budgets of the federal states for hospital investments (*Table 108*). The regulations of the individual federal states differ both in their provisions and in the amount of the respective grants; a detailed description of these is not provided here.[280]

The *special funding* for the New Federal States – which, under Article 14 of the Health Structure Act, received around 358 million euros annually as supplementary federal aid between 1995 and 2004 – does not have a significant impact on Caritas and Diakonia, as they are significantly under-represented there.

Table 108: State funding for hospitals in Germany, 2002, in million euros

Federal state	KHG – Total funding		Lump-sum grant		Individual funding	
	million euros	% ⇓	million euros	% ⇔	million euros	% ⇔
Baden-Württemberg	312.70	*9.7*	157.30	*50.3*	155.40	*49.7*
Bavaria	613.55	*19.1*	180.00	*29.3*	433.55	*70.7*
Berlin	176.99	*5.5*	35.86	*20.3*	141.13	*79.7*
Brandenburg	161.66	*5.0*	23.61	*14.6*	138.05	*85.4*
Bremen	32.99	*1.0*	17.07	*51.7*	15.92	*48.3*
Hamburg	61.74	*1.9*	29.13	*47.2*	32.61	*52.8*
Hesse	203.25	*6.3*	95.00	*46.7*	108.25	*53.3*
Mecklenburg-Western Pomerania	118.70	*3.7*	14.00	*11.8*	104.70	*88.2*
Lower Saxony	118.00	*5.8*	95.69	*50.9*	92.31	*49.1*
North Rhine-Westphalia	484.10	*15.0*	305.18	*63.0*	178.92	*37.0*
Rhineland-Palatinate	138.80	*4.3*	51.13	*36.8*	87.67	*63.2*
Saarland	40.90	*1.3*	16.50	*40.3*	24.40	*59.7*
Saxony	298.70	*9.3*	39.90	*13.4*	258.80	*86.6*
Saxony-Anhalt	174.32	*5.4*	17.38	*10.0*	156.94	*90.0*
Schleswig-Holstein	48.50	*1.5*	38.50	*79.4*	10.00	*20.6*
Thuringia	167.58	*5.2*	20.25	*12.1*	147.33	*87.9*
Total	*3,222.48*	*100*	*1,136.50*	*35.3*	*2,085.98*	*64.7*

Source: Survey by the Committee on Hospital Affairs, in: German Hospital Association: Hospital Planning and Investment Financing in the Federal States (as at September 2003), p. 41, Table 4.1. (Percentages calculated by the author)

If we now base the allocation of funds on the number of hospital beds (*Table 105*), the following figures emerge:

- 62 % for state-run hospitals 1,997.94 million euros
- 34 % for independent non-profit organisations 1,095.64 million euros
- 4 % for private providers 128.90 million euros

Among non-profit organisations, Diakonia and Caritas account for 79.2 per cent of beds and are thus well placed to receive 868 million euros in investment funding in 2002.

Regional differences

In terms of the number of non-profit organisations (*Table 109*), the state of North Rhine-Westphalia is the clear frontrunner among the federal states, accounting for 75.3 per cent of all hospital operators, followed by Rhineland-Palatinate with 64.6 per cent.

Table 109: Hospitals in Germany by operator / federal state, 2001 – Proportions of operators in the federal state

Federal state	Total	State-run		Non-profit		Private	
		Number	%	Number	%	Number	%
Baden-Württemberg	284	122	*43.0*	72	*25.3*	90	*31.7*
Bavaria	371	205	*55.3*	58	*15.6*	108	*29.1*
Berlin	65	5	*7.7*	32	*49.2*	28	*43.1*
Brandenburg	49	23	*46.9*	19	*38.8*	7	*14.3*
Bremen	14	5	*35.7*	6	*42.9*	3	*21.4*
Hamburg	35	9	*25.7*	21	*60.0*	5	*14.3*
Hesse	153	50	*32.7*	65	*42.5*	38	*24.8*
Mecklenburg- Pomerania	33	11	*33.3*	13	*39.4*	9	*27.3*
Lower Saxony	202	71	*35.1*	77	*38.1*	54	*26.7*
North Rhine-Westphalia	397	65	*16.4*	299	*75.3*	33	*8.3*
Rhineland-Palatinate	99	20	*20.2*	64	*64.6*	15	*15.2*
Saarland	28	11	*39.3*	16	*57.1*	1	*3.6*
Saxony	85	43	*50.6*	17	*20.0*	25	*29.4*
Saxony-Anhalt	50	31	*62.0*	14	*28.0*	5	*10.0*
Schleswig-Holstein	81	26	*32.1*	20	*24.7*	35	*43.2*
Thuringia	49	26	*53.1*	11	*22.4*	12	*24.5*
Totals	*1,995*	*723*	*36.2*	*804*	*40.3*	*468*	*23.5*

Source: Federal Statistical Office (2003), Specialist Series 12, Series 6.1. Health Care 2001.

Hospitals in all eastern federal states (except Berlin) are run by non-profit organisations to a below-average extent.

Even within the non-profit sector (*Table 110*), 37 per cent of all non-profit hospitals are located in North Rhine-Westphalia; and if the three federal states of North Rhine-Westphalia, Rhineland-Palatinate and Hesse (accounting for 32.6 per cent of all operators), more than half of all independent non-profit operators (53.3 per cent) are active in these three federal states.

In this regard, it is striking that the two federal states of Baden-Württemberg and Bavaria consistently stand out with above-average proportions of both state and private operators, both in terms of the proportion of operators within the state and across the operator groups, whilst independent non-profit operators are significantly under-represented.

These characteristics also hold true in the distribution by number of hospital beds (*Table 111*). North Rhine-Westphalia and Rhineland-Palatinate are the heavyweights in terms of the representation of non-profit hospital beds. In Bavaria and Baden-Württemberg, as well as in the New Federal States, state-run hospital beds dominate. Among private operators, an above-average proportion has now emerged in the New Federal States.

Table 110: Hospitals in Germany by operator / federal state, 2001 – shares of the federal state by operator group.

Federal state	Total		State-run		Non-profit		Private	
	Number	%	Number	%	Number	%	Number	%
Baden-Württemberg	284	*14.2*	122	*16.9*	72	*9.0*	90	*19.2*
Bavaria	371	*18.6*	205	*28.4*	58	*7.2*	108	*23.1*
Berlin	65	*3.3*	5	*0.7*	32	*4.0*	28	*6.0*
Brandenburg	49	*2.5*	23	*3.2*	19	*2.4*	7	*1.5*
Bremen	14	*0.7*	5	*0.7*	6	*0.7*	3	*0.6*
Hamburg	35	*1.8*	9	*1.2*	21	*2.6*	5	*1.1*
Hesse	153	*7.7*	50	*6.9*	65	*8.1*	38	*8.1*
Mecklenburg-Western Pomerania	33	*1.7*	11	*1.5*	13	*1.6*	9	*1.9*
Lower Saxony	202	*10.1*	71	*9.8*	77	*9.6*	54	*11.5*
North Rhine-Westphalia	397	*19.9*	65	*9.0*	299	*37.2*	33	*7.1*
Rhineland-Palatinate	99	*5.0*	20	*2.8*	64	*8.0*	15	*3.2*
Saarland	28	*1.4*	11	*1.5*	16	*2.0*	1	*0.2*
Saxony	85	*4.3*	43	*5.9*	17	*2.1*	25	*5.3*
Saxony-Anhalt	50	*2.5*	31	*4.3*	14	*1.7*	5	*1.1*
Schleswig-Holstein	81	*4.1*	26	*3.6*	20	*2.5*	35	*7.5*
Thuringia	49	*2.5*	26	*3.6*	11	*1.4*	12	*2.6*
Totals	*1,995*	*100*	*723*	*100.0*	*804*	*100.1*	*468*	*100.0*

Source: Federal Statistical Office (2003), Specialist Series 12, Series 6. 1. Health Care 2001.

Table 111: Hospital beds – 2001 / Proportions of providers by federal state, 2001.

Federal state	Total	State		Non-profit		Private	
		Number	%	Number	%	Number	%
Baden-Württemberg	59,421	39,739	*66.9*	14,847	*25.0*	4,835	*8.1*
Bavaria	77,932	58,869	*75.5*	11,175	*14.3*	7,888	*10.1*
Berlin	22,302	10,201	*45.7*	9,561	*42.9*	2,540	*11.4*
Brandenburg	15,198	9,953	*65.5*	3,692	*24.3*	1,553	*10.2*
Bremen	5,868	3,677	*62.7*	2,033	*34.6*	158	*2.7*
Hamburg	12,732	7,033	*55.2*	5,355	*42.1*	344	*2.7*
Hesse	35,475	18,562	*52.3*	13,748	*38.8*	3,165	*8.9*
Mecklenburg-Western Pomerania	10,989	6,234	*56.7*	2,914	*26.5*	1,841	*16.8*
Lower Saxony	44,175	23,200	*52.5*	17,643	*39.9*	3,332	*7.6*
North Rhine-Westphalia	122,427	33,838	*27.6*	86,724	*70.9*	1,865	*1.5*
Rhineland-Palatinate	24,650	8,012	*32.5*	15,246	*61.8*	1,392	*5.7*
Saarland	7,540	4,568	*60.6*	2,966	*39.3*	6	*0.1*
Saxony	28,218	19,593	*69.4*	3,448	*12.2*	5,177	*18.4*
Saxony-Anhalt	17,407	13,711	*78.8*	3,332	*19.1*	364	*2.1*
Schleswig-Holstein	15,369	9,096	*59.2*	2,993	*19.5*	3,280	*21.3*
Thuringia	16,539	10,468	*63.3*	2,528	*15.3*	3,543	*21.4*
Totals	*516,242*	*276,754*	*53.6*	*198,205*	*38.4*	*41,283*	*8.0*

Source: Federal Statistical Office (2003), Specialist Series 12, Series 6. 1. Healthcare 2001.

To clarify conclusively whether the trend is moving away from non-profit hospitals, let us also consider the change in the number of beds for selected federal states across the three provider groups. The trend over the years 1990 to 2001 is clear (*Table 112*). The share of state-run hospitals is falling as sharply (-19 per cent) as the share of private hospitals is rising (+24.6 per cent). Although non-profit organisations also saw a decline (-8.6%), this was significantly less than that of the public sector overall, and they are showing signs of stabilisation, as the reduction in their share was only marginal in both 1999 and 2001 (-1.3% and -0.9% respectively).

Table 112: Trends in the number of hospital beds, 1990, 1998–2001

	1990	1998		1999		2000		2001	
Public hospitals (-18.9 per cent):									
Baden-Württ.	47,780	42,138	- 5,642	40,254	- 1,884	40,403	+ 149	38,739	- 1,664
Bavaria	61,329	60,005	- 1,324	59,117	- 888	59,109	- 8	58,869	- 240
Berlin	23,475	13,527	- 9,948	12,657	- 870	11,921	- 736	10,201	- 1,720
Lower Saxony	27,621	23,805	- 3,816	23,104	- 701	23,129	+ 25	23,200	+ 71
NRW	42,073	35,393	- 6,680	34,917	- 476	34,341	- 576	33,838	- 503
Rhine-land-Pala.	10,870	8,289	- 2,581	8,247	- 42	8,105	- 142	8,012	- 93
Total	*213,148*	*183,157*	*- 4.1%*	*178,296*	*- 2.7%*	*177,008*	*- 0.7%*	*172,859*	*- 2.3*
Independent non-profit hospitals (- 8.6%):									
Baden-Württ.	13,577	13,954	+ 377	15,709	+ 1,755	15,035	- 674	14,847	- 188
Bavaria	12,658	11,440	- 1,218	11,560	+ 120	11,271	- 289	11,175	- 96
Berlin	10,988	9,914	- 1,074	9,809	- 105	9,618	- 191	9,561	- 57
Lower Saxony	19,718	18,259	- 1,459	17,811	- 448	17,781	- 20	17,643	- 138
NRW	97,841	88,440	- 9,401	87,782	- 658	87,172	- 610	86,724	- 448
Rhine-land-Pal.	14,947	16,410	+ 1,463	15,989	- 421	15,678	- 311	15,246	- 432
Total	*169,729*	*158,417*	*- 6.7%*	*158,660*	*+ 0.2%*	*156,555*	*- 1.3%*	*155,196*	*- 0.9%*
Private hospitals (+ 24.6%):									
Baden-Württem-berg	4,268	5,269	+ 1,001	5,041	- 228	4,914	- 127	4,835	- 79
Bavaria	6,371	7,452	+ 1,081	7,869	+ 417	7,907	+ 38	7,888	- 19
Berlin	1,859	1,337	- 522	1,367	+ 30	1,398	+ 31	2,540	1,142
Lower Saxony	2,859	3,154	+ 295	3,545	+ 391	3,341	- 204	3,332	- 9
NRW	1,176	1,201	+ 25	1,367	+ 166	1,839	+ 472	1,865	+ 26
Rhine-land-Pala.	1,001	1,416	+ 415	1,512	+ 96	1,522	+ 10	1,392	- 130
Total	*17,534*	*19,829*	*+ 13.1%*	*20,701*	*+ 4.4%*	*20,921*	*+ 1.1%*	*21,852*	*+ 4.5%*

Recent trends

• In the debate surrounding 'capped' budgets / diagnosis-related groups (DRGs), denominational hospitals are also seeking new financing options. An example from the Diakonia illustrates such development prospects:

"In plain terms, this means managing health. Behind this lies an idea that broadens our perspective: namely, moving away from the previous narrow view of illness, with its associated cost factors, towards a holistic concept that specifically calls for the principles of pastoral care, charity and active compassion, and infuses them with fresh impetus. [ ] This new path leads from the traditional hospital system to an integrated health centre with a completely new vision, which aims not only to support people whilst they are 'ill', but also to stand by them even before illness sets in. This grants the Diakonia additional self-sufficiency. For in doing so, it taps into a sector that promises high profit margins." [281]

• In the summer of 2002, the founding of *Agaplesion* – a Protestant non-profit public limited company (gAG) with a share capital of 8,266,500 euros and a planned increase of a further 4,133,250 over the following five years – caused a stir within Protestant circles. The share capital was contributed in the form of fixed assets. The founders (and holders of the registered shares) are the Diakoniewerk Bethanien (Frankfurt am Main), the Protestant Regional Association of Frankfurt am Main, the Frankfurter Diakonissenhaus, the St. Markus Hospital Foundation (Frankfurt) and both the Elisabethstift in Darmstadt (a church foundation under public law) and the Protestant Deanery of Darmstadt-Stadt. The company originated from the 'Frankfurter Diakonia-Kliniken gGmbH', formed in 1998 through the merger of four denominational hospitals in Frankfurt and a care home for the elderly. The Elisabethstift Hospital in Darmstadt and the Bethanien Hospital in Heidelberg also operate under the umbrella of the gAG. The sole director is Bernd Weber, the former managing director of Bethanien.

The concern was not so much that the *Protestant Methodist* Church (with the Bethanien Diakoniewerk) forms the board, but rather a fear of the 'commercialisation' of Protestant hospitals through the formation of the non-profit public limited company. However, the Protestant-Lutheran Diakonisches Werk Hessen-Nassau (DWHN) has since set aside its reservations, and the board has

"spoken in favour of appropriate church support for *Agaplesion*, whilst taking into account its diaconal profile and diaconal service and contract law". Reason: *"Agaplesion's* home, as we understand it, remains the Diakonia in Hesse and Nassau, even if *Agaplesion* operates on a supra-regional basis."[282]

It has not yet been possible to obtain any information as to why this Protestant non-profit public limited company was founded. The advantages of a public limited company – closer cooperation between large institutions and the opportunity to tap into new sources of funding – could also be realised within the framework of a gGmbH.[283] The decisive difference between a gGmbH and a gAG lies in the statutory exclusive management authority of the board of directors of a public limited company, whose considerable scope for action can hardly be restricted – not even by the churches.

However, from the Church's perspective, the employees' co-determination rights applicable to a public limited company (AG) are a cause for concern regarding the future of specific diaconal labour law: 'In the private sector, the change of legal form to an AG or GmbH "inevitably leads to corporate co-determination". This does not apply with the same automatic effect to church institutions, which, as is well known, are not subject to co-determination and works constitution law,"[284] regardless of their legal form.

Agaplesion gAG is not the first of its kind within the Protestant Church – the small *Bethesda-St. Martin gAG foundation* in Boppard (care for the elderly, psychiatric services, support for people with disabilities) is, like the very large *Rehabilitation Heidelberg* (SRH) *foundation*, a public limited company, and both are 'low-profile' members of the Diakonisches Werk.

Within the German Caritas Association, there are also non-profit public limited companies operating as hospitals – without this having caused any unrest. For example, the *St. Vincentius Clinics* in Karlsruhe, with 811 beds, are a gAG (in 1851, the hospital had been granted the status of a body under public law). When the state government took issue with this legal form in 2000 and announced that, should this legal status be retained, it would appoint state representatives to the board, the body was converted into a gAG, as this best corresponded to its charitable mandate and its previous form.

- On 11 March 2005, the Federal Cartel Office prohibited, for the first time, the takeover of two local authority hospitals (in the Rhön-Grabfeld district) by the private company Rhön-Klinikum AG, on the grounds that this would lead to 'market dominance'.[285]

Conclusion

Of the €57.6 billion in total expenditure on hospitals in Germany, €13.9 billion is spent on denominational general hospitals and €3.1 billion on denominational specialist clinics. Including the investment costs paid from state funds of 868 million euros, the total expenditure on denominational hospitals amounts to 17.8 billion euros.

Conclusion: Hospitals		
Total net costs of hospitals (2001)	54,401,166,000	euros
Total investment funding (2002)	3,222,480,000	euros
Total expenditure	57,623,646,000	euros
Turnover of denominational general hospitals	13,856,000,000	euros
Turnover of denominational specialist clinics	3,117,000,000	euros
State funding for investments in denominational hospitals	868,000,000	euros
Total expenditure for denominational hospitals	17,841,000,000	euros in
grants from church tax revenue	0	euros

In other words: around 30 per cent (31.0%) of expenditure on all German hospitals relates to the denominational hospitals run by Caritas and Diakonia.

Concluding remark

If the Caritas Association and the Diakonisches Werk were required to finance solely the value-adding investments for the hospitals they own and operate (for which the state spent 868 million euros from tax revenue), not a single cent of the so-called 'church subsidies' would remain for other areas of activity or other tasks.

In other words: the amount of funds flowing from church bodies to Caritas and Diakonia (*see Table 158*) – which, at around 830 million euros, sounds very substantial – would not even be sufficient to finance the investments in the hospitals run by Caritas and Diakonia.

Mother-and-child health retreats

Financial volume	around 430 million euros

Legal basis
Section 24 of Book V of the Social Code (SGB V) stipulates that medical care for mothers and children (to remedy health impairments and counteract risks to healthy development) is to be covered or subsidised by health insurance funds – in accordance with their statutes.

Section 41 of SGB V provides for measures relating to mother-and-child rehabilitation.

As these cost coverages and subsidies had been left to the discretion of the health insurance funds in 1997, the number of spa treatments approved by the health insurance funds declined noticeably, leading the Bundestag to unanimously resolve in May 2002 that 'mother-and-child preventive care and rehabilitation measures' (as these courses of treatment have been known since 1 January 2000) to be fully funded by health insurance funds from 1 August 2002. However, some health insurance funds appear to be refusing to comply with the statutory requirements.

Exemption from the statutory co-payment of €9.00 per day may be granted under Section 61 of Book V of the Social Code (SGB V) if income falls below the specified thresholds.

If children (under 12 years of age or children with disabilities) remain at home whilst their mother is on a health retreat, domestic help may be funded under Section 38 of SGB V.

Funding
Health resort facilities are funded through *daily rates* and the mothers' co-payments.

Organising bodies

The best-known organisation providing mother-and-child programmes is undoubtedly the *German Mothers' Convalescence Fund (Deutsches Müttergenesungswerk*), whose fundraising campaigns are traditionally held under the patronage of the Federal President's wife. However, there are also private commercial providers, which are not, however, included in the *political* (and therefore also *financial*) privileges enjoyed by members of *the Müttergenesungswerk*.

1. Mothers' Convalescence Organisation

In 1950, the *Elly Heuss-Knapp Foundation – German Mothers' Convalescence Organisation* – brought together the activities of various welfare organisations dedicated to mothers' convalescence into a single organisation. (Elly Heuss-Knapp was the wife of the then Federal President, Theodor Heuss.) Members / sponsoring organisations of *the Müttergenesungswerk* (MGW) include the German Red Cross, the Workers' Welfare

Association, the German Parity Welfare Association Association, and the Protestant and Catholic Working Groups for Mothers' Convalescence (which in turn are members of the Diakonisches Werk and the German Caritas Association respectively).

The daily rates for facilities recognised by the Müttergenesungswerk amount to a weighted average of 71.30 euros. (Workers' Welfare Organisation (AWO) €67.90 on average / Protestant Association for Mothers' Convalescence (EAG) €71.40 / German Parity Welfare Association €72.60 / German Red Cross €73.40 / Catholic Association for Mothers' Convalescence €77.20.)

Every year, the organisations sponsoring the MGW organise politically supported *fundraising campaigns (and collections)* in aid of the *Müttergenesungswerk* – under the patronage of the Federal President's wife – which (in 2002) raised a total of 2 million euros (for the MGW's administrative office).[286] The remaining donations remain with the regional organisations that collected them.

Facilities

Across Germany, there are around 1,700 counselling centres for mothers (and, since August 2002, for fathers as well) run by the MGW's member associations, as well as 121 mother-and-child convalescent homes recognised by the MGW (101 for mothers and children and 20 homes for mothers only).

Recognition of a facility by the Müttergenesungswerk is significant in that, whilst under Section 41 of the Social Code Book V (SGB V) each of the 500 health insurance funds in Germany may recognise a preventive care and rehabilitation facility as such on its own, it is only upon recognition by the MGW that *all* health insurance funds are obliged to cover the costs of the measures. (This happened, for example, in 1993, when the *Deutsche Angestellten Krankenkasse* [DAK] recognised the 'Haus Nazareth' of the Friedensgemeinde [part of the Federation of Free Pentecostal Churches] in Norddeich on the North Sea as a mother-and-child convalescent facility. In 1996, recognition was then granted by the Müttergenesungswerk.) Apart from this, some health resorts are also directly run by, or are contract clinics of, health insurance funds, e.g. the AOK or the Barmer Ersatzkasse.

Although the market is actually huge (20 per cent of all mothers are presumed to be in need of convalescent care), demand remains limited in practice, resulting in a competitive situation between the five associations, all of which seek to market their facilities exclusively to women. On the one hand, there is a book published by the Müttergenesungswerk in which all 121 facilities are described in detail; on the other hand

the *Catholic Working Group for Mothers' Convalescence (Katholische Arbeitsgemeinschaft für Müttergenesung e.V.)*, *whose national office is based at the German Caritas Association (Deutscher Caritasverband e.V.)*, publishes a lavish, four-colour, 92-page brochure: 'Get well and recharge your batteries. Catholic-run preventive care and rehabilitation facilities recognised by the Müttergenesungswerk.' The intention here is to ensure that, for example, a Catholic mother does not spend her money at a Protestant mother-and-child centre. The other associations adopt an equally exclusive approach. Under the title: 'Top addresses for therapy tailored to medical needs', for example, *Kur+Reha GmbH, part of the Paritätischer Wohlfahrtsverband Baden-Württemberg,* promotes only its own centres.

At the very least, however, the cooperation extends to the point where the associations and the internet provide ready-made forms for confirmation, in accordance with Section 41 of the German Social Code, Book V (SGB V), that a price agreement exists, as well as forms for the necessary medical certificate and even guidelines on what constitutes sufficient medical indications.

Of the 121 convalescent homes (*Overview 113*), 63 are run by religious organisations, with a higher proportion of Catholic convalescent homes (36) outnumbering the Protestant ones (27).

Overview 113: Facilities recognised by the MGW by operator / number of places

Operating body	Number of sanatoriums	%	Places	%
Workers' Welfare Organisation (AWO)	26	*21.5%*	2,511	*24.8%*
German Paritätischer (DPWV)	15	*12.4%*	1,319	*13.0%*
German Red Cross (DRK)	17	*14.0%*	1,554	*15.4%*
Protestant Working Group (EAG)	27	*22.3%*	1,993	*19.7%*
Catholic Working Group (KAG)	36	*29.8%*	2,744	27.1%
Total	*121*	*100*	*10,121*	*100*

Religious organisations account for 47 per cent of all available places – an indication that the convalescent homes and sanatoriums run by these two organisations are comparatively smaller establishments. Whilst the Arbeiterwohlfahrt has an average of 97 places per facility, the Paritätische has 88 and the Red Cross 91, the Protestant facilities have only 74 and the Catholic institutions 76. In the case of the Workers' Welfare Association in particular, the facilities added in the New Federal States following reunification have had a significant impact (*Overview 114*).

The AWO – as well as the Red Cross and the Paritätische – significantly strengthened their position after 1989 through takeovers in the New Federal States, whilst the Catholic Working Group acquired only two

facilities, whilst the Protestant Working Group gained just one convalescent home – a trend that is also evident in the case of childcare centres.

Overview 114: East–West distribution of facilities / places and organisations

Organisation	*Health resorts / places **West***	*(Ø) %*	*Health resorts / places **East***	*Ø) %*
AWO	19 / 1,743	(92) *18.5 / 21.0*	7 / 768	(110) *38.9 / 42.2*
DPWV	11 / 892	(81) *10.7 / 10.8*	4 / 427	(107) *22.2 / 23.4*
DRK	13 / 1,147	(88) *12.6 / 13.8*	4 / 407	(102) *22.2 / 22.3*
EAG	26 / 1,918	(74) *25.2 / 23.1*	1 / 75	(75) *5.6 / 4.1*
KAG	34 / 2,599	(76) *33.0 / 31.3*	2 / 145	(73) *11.1 / 8.0*
Total	*103 / 8,299*	*(81) 100 / 100*	*18 / 1,822*	*(101) 100 / 100*

However, the general public's perception of the Müttergenesungswerk is quite clear. In a survey which, amongst other things, asked respondents to *assess the religious affiliation of organisations*, 16 per cent of respondents classified the MGW as a Protestant organisation, 14 per cent regarded it as Catholic, and a further 26 per cent believed it to be an interdenominational institution of both churches. Only 33 per cent gave the (formally correct) classification that the MGW is not denominationally affiliated.[287]

The denominational orientation is made unmistakably clear in the descriptions of the respective denominational sanatoriums, in that the description of services for *psychosocial therapy* on the topic *of meaning and discussions on faith / meditation* includes*, amongst other things*:
'Evening discussion with the pastor, mother-and-child devotions, reflections on the day' or 'Discussions based on the Christian faith' or 'Word service, individual discussions on faith'.[288]

Health cures / Treatment places / Occupancy rates / Turnover

Three-quarters of all spa stays last 21 days, and one-quarter last 28 days – giving an average of 23 days. If the health resort facilities remain closed over Christmas and New Year, there are 50 weeks of 'treatment time' and guests change approximately 15 times a year. With 10,121 places available, around 152,000 treatment stays can therefore be accommodated each year.

In 2002, around 50,000 mothers and 68,000 children attended a MGW health retreat. As the full daily rate is charged for both children and mothers, this amounts to around 118,000 health retreats, i.e. a capacity utilisation rate of around 78 per cent of places. Based on these average figures, a mother-and-child convalescent centre with 100 places generates the full daily rate of 73.10 euros for 100 places, i.e. a (theoretical) annual turnover of around 2 million euros in 2002.

Theoretical, because in reality health insurance funds are often only prepared to fund lower daily rates, and the facility faces the choice of either accepting the lower daily rate or receiving no bookings at all. The guiding principle here, however, is as stated by the Protestant Lutheran Church of the Northern Elbe in its 2002/2003 budget regarding the two MGW facilities 'Gode Tied' and 'Haus Seefrieden' (run by the Northern Elbe Women's Association): 'The facility is self-supporting' and requires no subsidies from the church.

Special features

Three welfare organisations have, in some cases, already organised the mother-and-child convalescence market segment within their organisations as limited companies (GmbHs) or non-profit limited companies (gGmbHs). The AWO operates differently depending on the region, either as *AW-Kur-und Erholungs GmbH* or as AWO-SANO gGmbH; the Paritätische has partly consolidated its facilities into *Kur + Reha GmbH,* and the German Red Cross calls its company *DRK-Kur und Reha gGmbH*. The two denominational working groups still operate traditionally as registered associations (e.V.).

Current trends in the Müttergenesungswerk

Despite the legislative reform in May 2002 – full funding of convalescent stays for mothers – the negative stance of the health insurance funds has not changed (according to the managing director of the Müttergenesungswerk). As a result, some individual facilities have now run into financial difficulties, such as (in 2003) two clinics run by the Bavarian Caritas Association (in Altötting and Bad Reichenhall), which announced that it would have to close them due to financial hardship, as sufficient occupancy rates could no longer be guaranteed because of the 'health insurance funds' austerity measures'.[289] Of the nine Caritas clinics originally operating in Bavaria (in 1996), only two would then remain.

However, it cannot be ruled out that (even Catholic) mothers with children may not necessarily wish to travel to the Bavarian pilgrimage town of Altötting for spa treatment and convalescence; in other words, that market acceptance of some facilities simply no longer exists – all the more so if any necessary private co-payment becomes more expensive than a holiday in Mallorca or on the Turkish Riviera.

Another trend is the foreseeable closure of health resorts exclusively for mothers. As most of the women applying are in employment, health insurance funds regard a spa stay without children as occupational rehabilitation, the funding of which they claim falls to the pension insurance

providers; the latter, however, reject this on the basis of the clear legal situation.

2. Other providers of mother-and-child convalescence programmes

In addition to the Müttergenesungswerk and its sponsoring associations, health insurance funds have in recent years also granted a recognition 'licence' to a number of private commercial establishments and groups. In an overview of 'mother-and-child clinics'[290], in addition to 90 convalescent facilities (listed online) run by the organisations affiliated with the MGW, a further 77 mother-and-child convalescent clinics are mentioned, representing a ratio of 54 per cent MGW to 46 per cent other organisations – which also suggests that an organisation can make money from these facilities.

The private commercial provider groups operate on the same principle as the MGW associations, with advice centres acting, as it were, like a funnel to channel those seeking advice into the provider's facilities. Examples:

- *Deutscher Arbeitskreis für Familienhilfe e.V. (German Working Group for Family Support),* which operates eight specialist clinics in the southern Black Forest and on the North Sea coast. 'Feeder work' is carried out, amongst others, by the *South Hesse Health Resort Advisory Service.*
- *Arbeitsgemeinschaft Eltern und Kind Kliniken*, with 12 clinics 'where Germany is at its most beautiful', i.e. on the North Sea and Baltic coasts, in the Alpine foothills and in the Black Forest.
- Furthermore, there are also the investor groups already mentioned in connection with the hospitals, such as *IFA Hotel & Touristik AG* and *Sanitas Kliniken*.

Subsidies from the federal states

Not all convalescent stays are approved for the full cost, and there are plenty of mothers who would be unable to go on a convalescent stay if it were not for these grants. The federal state of Bavaria, for example, has allocated a consistent sum of 485,700 euros in its budget for 2003 and 2004 as 'grants for mothers' convalescence or mother-and-child convalescent stays' (Chapter 10 07 / 684 73),
Baden-Württemberg allocated a consistent sum of 86,200 euros in 2002 and 2003 to 'the German Mothers' Convalescence Organisation, Baden-Württemberg Regional Committee in Stuttgart' (Chapter 09 19 / 684 03.3).

Other federal states (e.g. Schleswig-Holstein) have scrapped these grants. As a result, some advice centres are – thankfully – able to arrange grants:

- 'We arranged grants totalling 2,858 DM from the Müttergenesungswerk and 16,170 DM from the state family recreation grant.' [291]
- "In 1999, participants were supported with a total of 77,000 marks from donations to the Müttergenesungswerk and with state grants amounting to 22,700 marks."[292]

Summary

In 2002, the statutory health insurance schemes (GKV) spent a total of 387 million euros on convalescent stays for mothers ("Expenditure on preventive and rehabilitation services for mothers and mothers with children").[293] However, the figures have been declining since 2000 and, according to preliminary calculations for 2003, now amount to only 364 million euros.

The (supra-regional) investment measures undertaken by the organisations responsible for the Müttergenesungswerk are subsidised as *grants for construction projects* commissioned by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth via the Federal Office of Administration. The federal budget allocates a sum of 4.09 million euros for this purpose – a figure that has remained unchanged for years. As a rule, there is a 25-year earmarking period.

Mixed financing of investments is common; an example of this has been published: in 1988, the 5.4 million DM required for the construction project to extend and renovate the Gussie-Adenauer-Haus in Bendorf[294]was pre-financed from five different sources: 28 per cent came from the Federal Government, 6 per cent from the State of Rhineland-Palatinate, 11 per cent from lottery proceeds from the *'Aktion Sorgenkind' campaign*, 19 per cent from the Diocese of Trier, and 37 per cent consisted of loans, donations and contributions from the organisation itself.

Overview 115: Investment funding for the Gussi-Adenauer House

DM 1.5 million in federal funding via the Catholic Mothers' Convalescence Scheme at the MGW	28 per cent
DM 300,000 from the State of Rhineland-Palatinate	6
DM 600,000 from the 'Aktion Sorgenkind' (LIGA television lottery)	11%
1 million DM from the Diocese of Trier	19%
2 million DM from loans, donations and own contributions	37 %

The general view of the 'finance minister' of a regional church that no more than a maximum of 20 per cent should be contributed as start-up funding for denominational institutions,[295] is made particularly clear in this mixed funding arrangement.

Federal states have also included further investment 'grants for the improvement of convalescent homes for mothers'; Bavaria, for instance, allocated 281,200 euros in its 2003/2004 budget, whilst Baden-Württemberg provided 426,000 euros in the 2000 financial year – although in that state, these expenditure items are mutually offset against funding measures for family holiday centres. It seems plausible, however, to assume that the state grants are, on the whole, of a similar magnitude to the federal grants. The one-third rule would apply, as with family holiday centres (1/3 federal, 1/3 state, 1/3 organisation), since mother-and-child convalescence programmes are in some cases directly classified as family recreation.

Within the Müttergenesungswerk, the *advice centres* are predominantly integrated into the associations and are usually treated there merely as one aspect of a broader family and life counselling service. In this respect, it is hardly possible to specify a funding share specifically for mother-and-child convalescence advice. In this context, however, it must be noted that the statement by the Müttergenesungswerk: 'The MGW network offers around 1,700 counselling and referral centres for mothers throughout Germany'[296] gives a misleading impression, as mother-and-child convalescence programmes are normally only provided for a few hours per week at general counselling centres run by the organisations.

The *associations* (e.g. the Federal Association – *Evangelische Arbeitsgemeinschaft für Müttergenesung e.V.*) are funded through membership fees from regional members and from their own resources (e.g. donations) or are organised as a department within the Diocesan Caritas Association.

A breakdown within the *2000 Family Study* conducted by the German Caritas Association and the Diakonisches Werk of the EKD shows that the funding for denominational mother-and-child convalescent homes within the MGW is based on a mixed funding model; this appears plausible only on the assumption that it includes not only the (non-mixed-funded) convalescent stays but also the counselling centres and the association's work. (It is also noteworthy that church funds are referred to as *'own funds* from church sources'.) According to these figures (*Overview 116*), as much as 16.8 per cent of the costs are spent not on the convalescent stays, but on the counselling centres and the association's work.

Table 116: Average funding for DCV mother-and-child sanatoriums, 2000.

Service fees	75.3%	
Public funding / subsidies	0.4%	
User fees	7.5%	*83.2%*
The organisation's own funds (e.g. donations)	13.6	
Own funds from church sources	3.2%	*16.8%*

Source: DCV and DW: Family Report 2000, Table 2

Applied to the €94 million in service fees for denominational mother-and-child sanatoriums, this would mean that around €21 million is used by both associations to 'promote' the denominational mother-and-child facilities (*Overview 117*).

Overview 117: Average funding for denominational mother-and-child sanatoriums, 2000 .

Service fees	94,000,000 euros	
Public grants / subsidies User fees	500,000 euros	
	9,362,500 euros	*103,862,500 euros*
The organisation's own funds (e.g. donations)	16,977,400 euros	
Own funds from church sources	3,994,700 euros	*20,972,100 euros*
Total		*124,834,600 euros*

Conclusion

The total financial expenditure in this sector amounts to around 438 million euros (*Overview: Conclusion on mother-and-child convalescence programmes*). Welfare organisations within the Müttergenesungswerk account for 200 million euros, whilst private-sector providers account for 187 million.

Conclusion on mother-and-child convalescence programmes .

Statutory health insurance funds to MGW facilities	approx. 200 million euros
payments from statutory health insurance funds to other providers	approx. 187 million euros
in federal grants for MGW investments	4.1 million
in grants from the federal states for MGW investments (estimate)	4 million
in user fees	20 million euros
Donation income	2 million euros
Own funds (e.g. collections, donations) from regional associations*	21 million euros
in total	438 million euros
Share of turnover from Diakonia / Caritas	approx. 94 million euros
Additional funding from the churches for convalescent stays	0 euros
Contributions from the churches towards counselling centres / association work	4.0 euros

**) Own funds of the denominational organisations (= 50%) x 2.*

Based on these figures, the share of denominational organisations in mother-and-child convalescent care totals around 94 million euros (or 23 per cent) and, within the Müttergenesungswerk, around 47 per cent.

No additional contributions from the churches towards investments have therefore been taken into account, as these investments are included in the daily rates of the mother-and-child facilities in the form of depreciation.

If, however, investment grants are provided, the question of ownership must be clarified. For example, the North Elbe Protestant Lutheran Church has carried out extensive renovation and modernisation work on the 'Gode Tied' convalescent centre, which it owns, and has so far borne the debt servicing costs for this (€275,000 annually) itself. By 2007, this subsidy is to be 'phased out' to zero,
i.e. the facility will then have to finance this debt servicing from its own income. This means it will have to cut its costs – which in turn will result in staff being made redundant in order to cover the debt servicing for the regional church from the daily rates, which have, however, remained unchanged for around eight years.

Emergency services / Patient transport

Financial volume	1.7 billion euros

Legal basis
SGB V, Sections 60 (travel costs) and 133 (patient transport)

Funding
Health insurance funds (and, where applicable, a patient contribution of 13 euros for ambulance services), with the federal states and districts/cities funding the operation and capital expenditure of the emergency control centres

Under the Emergency Medical Services Act, the regulation of emergency assistance and qualified patient transport falls within the jurisdiction of the federal states and, within that, is the responsibility of the districts and independent towns. Accordingly, the organisation of these services varies from one district and independent town to another.

Generally speaking, the state-run professional fire service acts as the central coordination and control centre – in towns with over 100,000 inhabitants, a professional fire service must be in place; in other words, it is already present there. Apart from the fire service's red vehicles, only four charitable organisations are on the roads with their KTWs (patient transport vehicles) or RTWs (ambulances). (The few private commercial operators and the ADAC that offer their services in this field are, proportionally speaking, of negligible significance.)

Sometimes the state assigns the fire service to provide ambulance services and the charitable organisations to provide hospital transport (as in Hamburg), sometimes there is a partnership between the fire service and the four organisations, with private operators excluded (as in Cologne), sometimes the charitable organisations' ambulance services merge to form a joint gGmbH (as in Bielefeld), and sometimes a district hands over organisation and operations entirely to the German Red Cross (as in the Potsdam-Mittelmark district). However, it may also be the case that a 'Diakonia' ambulance station is provided by the municipal fire service (as in Düsseldorf) or that an entire federal state entrusts 80 per cent of its ambulance service to the German Red Cross (as in Bavaria).

The costs of operations are as varied as the structures themselves: the general principle is that an emergency call-out costs several times as much as a patient transport (*Overview 118*). The range for patient transports extends from 48.13 euros (in Berlin) to 137.35 euros (in Minden).

Minden). For more complex emergency rescue operations, the basic fee for a call-out ranges from 151.70 euros (in Erfurt) to 413.70 euros (Havelland district). According to figures from the Federal Ministry of Health and Social Security (2002), the average cost per case for patient transport vehicles (KTW) is 103 euros, and for ambulances (RTW) 366 euros.[297]

Overview 118: Basic charges for patient transport and emergency medical services

Town / District	Patient transport (KTW)	Emergency medical service (RTW)
Berlin	48.13 euros	281.43 euros
Bielefeld	87.00 euros	295.00 euros
Düsseldorf	71.20 euros	318.70 euros
Erfurt	109.80 euros	151.70 euros
Hamburg	66.43 euros	272.52 euros
Höxter	91.00 euros	279.00 euros
Minden	137.35 euros	365.61 euros
Siegen	92.00 euros	274.00 euros
Anhalt-Zerbst District	85.00 euros	210.00 euros
Havelland District	118.30 euros	413.70 euros
Rhein-Sieg District	83.50 euros	367.00 euros

What has remained consistent over the years is the rise in statutory health insurance (GKV) expenditure on 'travel costs':

Table 119: Trends in expenditure on transport costs within the statutory health insurance scheme, in thousands of euros.

Year	Air ambulance	*Ambulance*	Ambulance	*Emergency doctor*	Taxis	*Other*	Total
1993	50,971	*444,188*	341,906	*310,108*	291,343	*67,651*	1,523,439
1994	59,674	*433,716*	453,732	*371,106*	352,324	*88,370*	1,778,423
1995	68,132	*456,234*	491,992	*397,189*	421,175	*121,051*	1,955,776
1996	71,411	*470,211*	511,645	*408,522*	461,309	*132,026*	2,055,126
1997	76,478	*449,159*	543,931	*441,284*	463,669	*118,192*	2,092,716
1998	77,171	*456,814*	601,070	*456,750*	484,874	*120,816*	2,197,497
1999	80,113	*453,567*	661,743	*495,346*	538,050	*137,966*	2,366,787
2,000	81,343	*454,228*	705,412	*500,360*	576,514	*139,942*	2,457,801
2001	86,242	*453,478*	754,750	*509,707*	627,901	*150,786*	2,582,865
Plus	69.2%	*2.1%*	120.7%	*64.4%*	115.5%	*122.9%*	*69.5%*

Source: 1993–2001: Expert Council for Concerted Action in the Health Sector: Financing, User Orientation and Quality, Report 2003, p. 599.
2002: Federal Ministry of Health and Social Security, Final Accounts of the Statutory Health Insurance Scheme, 2002. Bonn: 16 July 2003.

'Other transport costs' (public transport, private cars, mountain rescue services, sea rescue vessels, etc.) rose at an above-average rate, amounting to 151 million euros (an increase of

123%), emergency rescue journeys by 755 million euros (121 per cent), and journeys by taxi or hire car (by 116 per cent) to 628 million euros.

Alongside the fire services, the *German Red Cross* accounts for the 'lion's share' in this market segment, with 4.7 million call-outs (1.9 million emergencies and 2.8 million patient transports[298]).

The *Johanniter-Unfallhilfe (JUH)* reports a total of 776,822 call-outs (393,702 emergency rescues and 383,120 patient transports).[299]

The *Arbeiter-Samariter-Bund (ASB)* – which is a member of the Paritätischer Wohlfahrtsverband – carried out a total of 767,288 call-outs (of which 258,061 emergency call-outs, 405,792 patient transports and 103,435 patient journeys).[300]

The *Malteser Hilfsdienst e.V. (MHD)* carried out 595,000 call-outs (comprising approx. 290,000 patient transports and approximately 305,000 emergency call-outs).[301]

Together, the two religious organisations, the Johanniter and the Malteser, account for a market share of around 18 per cent.

Conclusion			
Payments by health insurance (GKV) for KTW / RTW / NAW		*1,836,474,000*	*euros**
of which were provided by[302]			
Johanniter Rescue Service	144,094,932		
-Patient Transport	39,606,946	183. 701,878 euros[303]	
Malteser Ambulance Service	111,630,000		
Patient transport	29,980,200	141,610,200 euros	
Total		325,312,078 euros	
Grant from church funds		0 euros	

**) As the figures given relate to 2001 and the rescue operations to 2002, the 2001 figure (1,717,935,984 euros) was increased by the growth rate of 6.9 per cent.*

Social welfare centres

Outpatient support centres / Outpatient social services

Financial volume	4.3 billion euros

Legal basis
SGB XI (Long-Term Care Insurance), SGB V (Health Insurance)

Funding
Health insurance funds (outpatient care and home nursing), personal contributions, social assistance

The scope of activities of social care centres "covers the entire range of outpatient and mobile care services: basic and therapeutic care, home and family care, as well as domestic help".[304] However, only those services for which figures are available are discussed below, namely outpatient care services, home nursing, family support and workplace assistance.

On the one hand: 'In many cases, the seeds from which many social care centres emerged were the nursing stations run by church parishes, staffed by parish nurses from nursing orders.'[305]

On the other hand: Social welfare centres are classified as 'market-based services' [306], i.e. even if no further details are yet known about this field of activity, it is to be expected that a significant number of private commercial providers are active in this sector.

This historical development is also evident in the list of organisations designated [in Rhineland-Palatinate] as operators of a social care centre (Ambulante-Hilfe-Zentrum):

'Social care centres (AHZ) may be established and maintained by voluntary welfare organisations and their member organisations, by church parishes, by church-run associations and special-purpose associations, by nursing associations, by charitable foundations, by religious societies under public law, by private providers, and by local authorities and special-purpose associations.'[307] That's quite a lot of church involvement, but perhaps that is a Rhineland-Palatinate speciality.

The development of social welfare centres is a prime example of the changes in the denominational sector of the German healthcare and

social system over the past decades. For 1976, the *Diakonisches Werk* lists, amongst others, the following as 'Open Care' facilities:[308]

3,841 parish care centres with 4,063 female staff members
111 diaconal centres with 756 female staff members
106 social services centres with 791 female staff members
25 diaconal/social centres with 142 female staff members
122 village helper centres
305 home and family care centres
203 agencies for domestic services (neighbourhood support)

In total, there are 4,713 facilities with (at least) 6,382 staff members. By contrast, the facility statistics as at 1 January 2002 list a total of 1,687 facilities with 29,479 staff members for the same areas of operation.

28 community nursing stations with 458 female staff
1,477 Diakonia/social care centres with 27,798 staff
59 village helper centres with 175 female staff
80 home and family care centres with 546 female staff
43 neighbourhood support advice centres with 502 staff

The change is evident at first glance. Whilst in 1976 the focus of the work was still on the 3,841 community care centres run by a community nurse – who, in her nursing uniform complete with a nurse's cap (often pinned in place with hairpins), was a familiar sight on the streets – by 2002 the focus had shifted to the 1,477 social care centres, each with an average of 19 staff members.

Within the *German Caritas Association*, the trend has followed exactly the same pattern. In 1975, this area of 'open care' comprised, amongst other things, 3,455 facilities with 5,992 female staff members:

2,695 community nursing stations with 4,234 female staff
60 social welfare centres with 593 female staff members
367 home and family care centres with 728 female staff members
300 village support centres with 318 female staff members
33 care centres for the elderly with 119 staff members

As at 1 January 2003, there were 1,394 facilities with 30,170 staff:

12 community nursing centres with 172 female staff members
944 Caritas care centres with 27,434 female staff
148 family care centres with 908 female staff
158 village and workplace support centres with 687 staff 132 mobile social care services for the elderly with 969 staff

The number of facilities fell (to 40 per cent of the previous figure) whilst the number of staff increased fivefold. The number of social care centres

changed from 60, each with around 10 staff members, to 944 centres, each with around 29 staff members.

The statistics from the Caritas Association also reveal very clearly what lies behind one of these changes (*Overview 120*). Whilst in 1975, of the 4,234 staff members in the community nursing stations, 3,634 (or 86 per cent) were members of religious orders – that is, nuns – by 1999 there were only 218 community nursing stations left, with a staff of 1,500, of whom only 129 (or 9 per cent) were members of religious orders. By 2003, their numbers had fallen so low that they are no longer even mentioned.

Overview 120: Community nursing stations *in the German Caritas Association*

Year	Facilities	Staff	Members of the Order	as a %
1975	2,695	4,235	3,634	86%
1999	218	1,492	129	9%
2001	175	1,526	–	–
2003	12	172	–	–

The trend for social welfare centres (*Overview 121*) is almost the exact opposite: whilst in 1975 there were just 60 centres with 593 staff (of whom 99 – or 17 per cent – were nuns), the number of centres and their staff virtually 'exploded'. By 1999, there were 1,033 social welfare centres with just over 20,000 staff (of whom 451 were members of religious orders, but who now accounted for only 2 per cent of the workforce). In the subsequent years, 2001 and 2003, the improvement in efficiency at Caritas is clearly evident: the number of centres fell first to 999, then to 944, whilst the number of staff rose first to 23,672 and then to 27,434. In other words: in 1999, a social care centre within the DCV had around 20 staff members; by 2001, this had risen to 24; and by 2003, to around 29.

Overview 121: Social care centres / Caritas care centres *within the German Caritas Association*

Year	Facilities	Staff	Members of the Order	as a %
1975	60	593	99	17 %
1999	1,033	20,383	451	2 %
2001	999	23,672	–	–
2003	944	27,434	–	–

This fundamental change since 1975, whereby the term 'deaconess' is used instead of 'nun' in reference to the Diakonisches Werk, reveals several trends.

1. The shift of parish-oriented home nursing care – supported by the church parish (i.e. in cases of doubt, also funded by it) – from 'lone workers' to the organisation of charitable associations and the associated public funding.
2. Religiously motivated community and social services (primarily) carried out by women are a thing of the past.
3. Health and care services no longer exist as 'low-cost' work carried out by nuns and deaconesses.
4. The churches themselves have largely withdrawn from their traditional charitable work and handed it over to publicly funded organisations.
5. The organisational implementation of the politically formulated and (in long-term care insurance) intended principle of 'outpatient care before inpatient care'.
6. The more cost-effective 'optimisation' of social care centres / community care services, whose average staff numbers have risen from 20 (in 1999) to 29 (in 2003).
7. The considerable expansion of the Church's 'charitable work', as soon as it is publicly funded.

Outpatient care service

Even though social care centres have a broader 'programme' than just outpatient care services, the Hessian 'Ordinance on the Planning and Funding of Care Facilities and Social Care Centres', for example, demonstrates their close institutional link.

The fact that questions of the economic viability of social welfare centres are not merely a matter of a narrow business management concept is demonstrated by the 'vision' set out in the remit for the social welfare centres of the Diocesan Caritas Association (DiCV) in Munich.

"As the market leader, the social care centre provides comprehensive support across the region assigned to it. It is an integral part of Caritas and provides outpatient assistance as an indispensable component of the health and social care system. At the same time, it acts as a brand ambassador and fundraiser [i.e. a fundraiser who secures funds through personal approaches regarding donations, inheritances, bequests, etc., C. – F.] for Caritas. These tasks are carried out by the social care centres and their staff—"carried out with a sense of corporate responsibility." [309]

It could hardly be expressed more clearly just how much Christian charity forms the basis for the work of the social services run by denominational organisations.

The *benefits* in *kind* for basic care and domestic help provided by outpatient care services are funded by the care insurance funds on a monthly basis, up to the following amounts, in accordance with the level of care need determined by the Medical Service of the Health Insurance Funds: *Care Level 1*: 384 euros / *Care Level 2*: 921 euros / *Care Level 3*: €1,432, or up to €1,918 in cases of hardship.

In the case *of combined care* provided by a social care centre and, for example, a family member, with each contributing 50 per cent, the entitlement is such that the carer receives approximately one third and the social care centre approximately two thirds. The *care allowance* alone is of no interest to outpatient care services, as it is paid only to private carers.

In December 2001, 2.04 million people in Germany were in need of care within the meaning of the Long-Term Care Insurance Act.

- 1 million people in need of care received a care allowance, meaning they were generally cared for at home by relatives;
- 435,000 also lived in private households and were cared for, either partially or entirely, by home care services;
- 604,000 were cared for in care homes.[310]

The majority of the 10,594 outpatient care services (*Overview 122*) – as at December 2001 – are run by private commercial providers (52 per cent), whilst non-profit organisations account for just under the other half of the providers (46 per cent). Public providers play a negligible role (2 per cent).

Table 122: Providers of outpatient care services (15 December 2001)

Organisations	*Number*	*as a percentage*
Private providers	5,493	51.9
Non-profit organisations	4,897	46.2
of which: independent welfare organisations	*4,457*	*42.1*
other non-profit organisations	*440*	*4.2*
Public bodies	204	1.9
of which: local authorities	*187*	*1.8%*
other public bodies	*17*	*0.2%*
Total	*10,594*	*100.0%*

Source: Federal Statistical Office: Report: Care Statistics 2001, Results for Germany, p. 11.

This limited role played by local authorities is intentional. The Hessian Court of Auditors, for instance, called on local authorities to withdraw from the social care centres:

"The local authorities could withdraw from the responsibilities of the special-purpose associations 'Sozialstation Krebsbach Kinzig' and 'Sozialstation Oberes

Niddertal' in Ortenberg completely withdraw. According to Section 11(2) of the Social Code, public tasks should only be carried out where private providers do not fulfil them adequately. The supra-local audit has since been informed that the Krebsbach-Kinzigtal Social Services Centre has been dissolved, as private providers ensure an adequate provision of services."[311]

Among non-profit organisations, providers outside the LIGA (accounting for 9 per cent) are negligible – and their share had already fallen by 22.7 per cent between 1999 and 2001.

However, other social services are also offered under the 'umbrella' of home care (*see Table 123*). These almost always consist of home nursing care or domestic help (96.7 per cent). Less frequently mentioned is outpatient care for social assistance recipients in need and people with disabilities (68.7 per cent), whilst just under half of the services (49.8 per cent) consist of other forms of outpatient support. It is striking that non-profit organisations offer a broader range of services than private providers.

Table 123: Services provided by outpatient care services by provider

Service	Total	%	Private	%	Community-owned.	%	Public	%
Care service including	10,594	*100*	5,493	*100*	4,897	*100*	204	*100*
- Nursing care / domestic help under SGB V	10,247	*96.7*	5,293	*96.4*	4,758	*97.2*	196	*96.1*
- Care support under the BSHG	7,281	*68.7*	3,554	*64.7*	3,616	*73.8*	111	*54.4*
- Other outpatient support	5,272	*49.8*	1,854	*33.8*	3,337	*68.1*	81	*39.7*

Source: Federal Statistical Office: Report on Care Statistics 2001, Results for Germany, Table 2.1.

Given that 30 per cent of the staff in outpatient care services are nurses (although only 9 per cent of these work exclusively in nursing), it can be assumed that traditional 'community nursing' has been almost entirely integrated into 'outpatient care services'. A different form is then used for the care provided, depending on whether billing is carried out under SGB XI (care insurance fund) or SGB V (health insurance fund).

The breakdown of the Protestant Social Centre in Würzburg (*Overview 124*) shows, in terms of income by funding body, precisely these different services offered by outpatient care services. Around 40 per cent is paid by the care insurance fund, 30 per cent by health insurance funds and 3 per cent by the social welfare office. A good quarter of the income comes from people in need of care who pay for the services themselves.

Overview 124: Revenue of a social care centre by 'source', 2000, in euros

'Source' / Funding body	*Revenue*	*as a %*	*Subtotals*	
SGB XI (Long-Term Care Insurance Fund) Outpatient care	*515,000*	*38.8*		
SGB V (Health Insurance Fund) Nursing care, domestic help	*404,000*	*30.5*		
BSHG (Social Services)	*41,000*	*3.1*		
Other	*2,500*	*0.2*	*72.6%*	
Self-paying patients	*265,000*	*20.0*		
Relatives	*98,000*	*7.4*	*27.4 %*	
Total	*1,325,500*	*100*		

Source: Diakonisches Werk Würzburg, Annual Report 2001, p. 24 (– Implementation of a graph).

However, the number of providers of outpatient care services does not 'automatically' indicate the 'market shares' in terms of the number of people in need of care who are being looked after (*Table 125*).

Table 125: People in need of care by care service

Care services with ... people in need of care	Provider / Percentage within the provider							
	All	%	Private	%	Exempt	%	Public	%
1 – 10	1,102	*10.4*	771	*14.0*	309	*6.3*	22	*10.8*
11–15	971	*9.2*	684	*12.5*	273	*5.6*	14	*6.9*
16–20	1,064	*10.0*	752	*13.7*	296	*6.0*	16	*7.8*
21–25	1,064	*10.0*	696	*12.7*	348	*7.1*	20	*9.8*
26–35	1,682	*15.9*	979	*17.8*	666	*13.6*	37	*18.1*
36–50	1,872	*17.7*	874	*15.9*	957	*19.5*	41	*20.1*
51–70	1,353	*12.8*	450	*8.2*	873	*17.8*	30	*14.7*
71–100	881	*8.3*	198	*3.6*	670	*13.7*	13	*6.4*
101–150	429	*4.0*	76	*1.4*	344	*7.0*	9	*4.4*
151 and over	176	*1.7*	13	*0.2*	161	*3.3*	2	*1.0*
Total	10,594	*100.0*	5,493	*100.0*	4,897	*100.0*	204	*100.0*
Average per carrier	41		30		53		42	

Source: Federal Statistical Office: Report: Care Statistics 2001, Results for Germany, Table 2.2.

Two-thirds of private providers (68.8%) care for up to 50 people in need of care per care service. Among non-profit organisations, just under two-thirds (64.6%) of providers care for between 26 and 100 people, a distribution that roughly corresponds to that of public providers. However, there is still a long way to go to achieve the economic target of the optimal organisational size:

"Empirical data within the DiCV and internal benchmarks have led to the definition of an optimal operational size of around 200 patients and 40 staff members per community care centre, with a turnover target of 1.2 million euros per year."[312]

When broken down by the number of people in need of care across the various providers (*Table 126*), the distribution shows that non-profit organisations have a 60 per cent 'market share', private providers 38 per cent, and public providers remain at 2 per cent.

Table 126: People in need of care receiving support by provider group, 2001

Provider	*Care services*	*(per service)*	*People in need of care receiving support*	*as a %*
Private sector	5,493	(30)	164,747	*37.9%*
Non-profit organisations	4,897	(53)	261,365	*60.1%*
Public	204	(42)	8,567	*2.0%*
Total	*10,594*	*(41)*	*434,679*	*100.0%*

Source: Federal Statistical Office: Report: Care Statistics 2001 – Outpatient Care Services, p. 7.

A more detailed comparison of the federal states on this issue (*Table 127*) reveals a deviation from other 'typical' distributions (e.g. in the case of hospitals), in that, for those in need of outpatient care, non-profit organisations hold market-dominant or dominant positions in the federal states of Baden-Württemberg (84.8 per cent) and Bavaria (72.7%) hold market-dominating or dominant positions, whilst North Rhine-Westphalia is below average.

Table 127: People in need of outpatient care by federal state and provider, 2001

State	*Number*	*Provider / Number*			*Provider as a percentage*		
		Private	*Non-governmental.*	*Public*	*Private*	*Non-governmental.*	*Public*
Baden-Württemberg	43,657	5,033	37,020	1,604	*11.5*	*84.8*	*3.7*
Bavaria	59,797	15,951	43,461	385	*26.7*	*72.7*	*0.6*
Berlin	19,787	10,576	9,211	-	*53.4*	*46.6*	-
Brandenburg	17,631	8,093	9,321	217	*45.9*	*52.9*	*1.2*
Bremen	5,028	2,192	2,836	-	*43.6*	*56.4*	-
Hamburg	12,248	7,629	4,535	84	*62.3*	*37.0*	*0.7*
Hesse	30,086	10,969	16,710	2,407	*36.5*	*55.5*	*8.0*
Mecklenburg-Western Pomerania	10,368	4,878	5,391	99	*47.0*	*52.0*	*1.0*
Lower Saxony	43,121	16,349	25,050	1,722	*37.9*	*58.1*	*4.0*
North Rhine-Westphalia	92,363	40,458	51,324	491	*43.9*	*55.6*	*0.5*
Rhineland-Palatinate	18,311	5,306	12,742	263	*29.0*	*69.6*	*1.4*
Saarland	5,415	2,537	2,860	18	*46.9*	*52.8*	*0.3*
Saxony	32,980	15,994	16,735	251	*48.5*	*50.7*	*0.8*
Saxony-A.	15,638	7,894	7,521	223	*50.5*	*48.1*	*1.4*
Schleswig-H.	15,239	5,323	9,210	706	*34.9*	*61.4*	*4.6*

A comparison of the number of people in need of care with the number of care providers shows that where the providers are market leaders (such as the non-profit organisations

in Bavaria and Baden-Württemberg, or private providers in Berlin and Hamburg), their share of those in need of care is higher than their share as care providers. Providers have therefore already achieved a higher number of people in need of care per care service here than in areas where they have a weaker presence. Among the non-profit providers, LIGA accounted for 91.1 per cent; that is, of the 10,594 providers of outpatient care services,4,457 (= 42 per cent of all providers) were members of a LIGA association (*Overview 128*).

Table 128: Outpatient care services by federal state and provider, 2001

State	Number	Providers / Number			Providers as a percentage		
		Private	Non-governmental.	Public	Private	Non-governmental.	Public
Baden-Württemberg	771	166	570	35	*21.5*	*73.9*	*4.5*
Bavaria	1,648	707	926	15	*42.9*	*56.2*	*0.9*
Berlin	351	226	125	-	*64.4*	*35.6*	*0.0*
Brandenburg	516	311	200	5	*60.3*	*38.8*	*1.0*
Bremen	128	77	51	-	*60.2*	*39.8*	*0.0*
Hamburg	340	249	89	2	*73.2*	*26.2*	*0.6*
Hesse	808	435	312	61	*53.8*	*38.6*	*7.5*
Mecklenburg-Western Pomerania	384	197	183	4	*51.3*	*47.7*	*1.0*
Lower Saxony	922	495	402	25	*53.7*	*43.6*	*2.7*
North Rhine-Westphalia	2,078	1,104	957	17	*53.1*	*46.1*	*0.8*
Rhineland-Palatinate	380	185	191	4	*48.7*	*50.3*	*1.1*
Saarland	147	98	48	1	*66.7*	*32.7*	*0.7*
Saxony	879	581	289	9	*66.1*	*32.9*	*1.0*
Saxony-A.	444	282	156	6	*63.5*	*35.1*	*1.4*
Schleswig-H.	428	187	225	16	*43.7*	*52.6*	*3.7*
Thuringia	370	193	173	4	*52.2*	*46.8*	*1.1*
Germany	*10,594*	*5,493*	*4,897*	*204*	*51.9*	*46.2*	*1.9*

Source: Federal Statistical Office: Report: Care Statistics – Inter-state Comparison, p. 6, Table 1.

Of the 261,365 people in need of care who were looked after by independent providers of outpatient care services (*Table 126*), 238,100 (91.1 per cent) – equivalent to 55 per cent – were therefore in the care of LIGA providers.

Outpatient social care services

To date, there are no federal statistics available for social care centres, nor were any state-level statistics found. In order to get a rough idea of the extent to which other services – in addition to outpatient care – are provided, it makes sense, as a first step, to compare the categories recorded by LIGA under the heading ‘Outpatient social care services’ with those of Caritas and Diakonia.

For this sector (in 2000), LIGA reports a total of 5,367 facilities with 68,004 employees across its member organisations.[313] (*Table 129*) Of the 5,367 LIGA facilities in this area of activity, 3,243 (= 60 per cent) are run by Diakonia and Caritas. This accounts for 53,801 staff members, or 80 per cent of the LIGA total.

Table 129: Outpatient social care services at DCV and DW

Organisation	Number				Staff			
	DCV	DW	Total	%	DCV	DW	Total	%
Local community nursing stations	175	30	205	*6.3*	1,526	267	1,793	*3.3*
Home/family care units	143	44	187	*5.8*	735	347	1,082	*2.0*
Community health centres	999	1,431	2,430	*75.0*	23,672	25,514	49,186	*91.4*
Village Helpers' Centre	176	42	218	*6.7*	383	165	548	*1.0*
Mobile Social Services	158	45	203	*6.3*	953	239	1,192	*2.2*
Total	*1,651*	*1,592*	*3,243*	*100*	*27,269*	*26,532*	*53,801*	*100*

Source: Facility statistics from the DCV as at 1 January 2001 and from the DW as at 1 January 2000.

As no further figures are available, we can only make an estimate at this stage, assuming that 80 per cent of LIGA's services are provided by Diakonia and Caritas, since the services are delivered by staff rather than by the sponsoring organisations. LIGA accounts for 60 per cent of the total number of people receiving outpatient care. If this share is reduced by the 9 per cent of independent charitable organisations that do not belong to LIGA, the figure stands at 55 per cent. This leads to the conclusion that 80 per cent of this is provided by Diakonia and Caritas, which would thus have a 44 per cent share of the total market for outpatient social care services.

Without taking into account the changes between 2000 and 2002, the statutory care insurance funds / health insurance funds paid for:

- outpatient care services [314]	2,370,000,000 euros
- Home nursing care [315]	676,620,000 euros
- Domestic and domestic help	249,370,000 euros
Total	*4,295,990,000 euros*

Given the 44 per cent market share attributed to Caritas and Diakonia, this represents a total of turnover of around 1.9 billion euros (1,890,236,000 euros) in this area of activity.

The financial situation of home care services and social welfare centres varies greatly – ranging from 'in the black' to 'under existential threat' – and can only be assessed on a case-by-case basis. (*See Excursus IV: BAGFW and regional audit offices, using Bavaria as an example*).

Grants from the churches exist within a specific context, as explained by the Protestant City Church Association of Cologne – which transferred 28,400 euros to the parishes as allocations (for 2002) for diaconal centres:

'Social welfare centres are an essential expression of the life of the Protestant Church and, where they exist, an important element of parish development, which is reflected in increased care for patients. This core activity is financially secured by the fact that the Protestant City Church Association of Cologne shares the necessary costs equally with the respective operating body.

"Proprium'-funding refers to the financing or refinancing of that portion of a social care centre's costs which stems from *specifically Protestant* areas of activity and which therefore cannot be refinanced through contributions from third parties outside the church sphere. These include, for example, activities *in the field of pastoral care*, meeting patients' increased need for advice (e.g. on matters involving public authorities, right through to legal advice) etc."[316]

In this sense, these church funds are therefore not grants for charitable work per se, but rather finance a specific church interest that goes beyond this. The Protestant-Lutheran Regional Church of Hanover expresses this in the same way as the Protestant City Church Association in Cologne.

"The financial support provided by the regional church for outpatient care services is intended, amongst other things, to make it clear that outpatient care forms part of a diaconal church which is committed to the biblical mandate to care for the sick and to assist people in times of need. Church funds are therefore used to strengthen the diaconal profile of the diaconal/social centres. In competition with other home care services, each of the Diakonia/social welfare centres needs a clear, externally recognisable profile. This includes, above all, a care model that incorporates pastoral care [...], [...] further training in diaconal pastoral care [...], networking with diaconal counselling and specialist services provided by church districts (e.g. addiction counselling, marriage and life counselling, hospice work, general social counselling) and with services offered by parishes (e.g. pastoral care, visiting services, hospital chaplaincy, work with the elderly)." [317]

In this respect, the parish infirmaries and social welfare centres run by parishes are, in terms of these church-funded grants, not 'church social work' either, but rather a 'special church service' providing pastoral care for the benefit of their own members and (like the counselling centres) acting as distribution points for further church services.

Further Funding

Social welfare centres provide basic care through outpatient support, in line with the principle of 'outpatient care before inpatient care'. 'In accordance with the principle of providing services close to home, the catchment area should generally cover between 25,000 and 30,000 people.' The federal states support social welfare centres with state funding "in those service areas that do not fall within the financial responsibility of social security providers, in particular long-term care insurance funds, in order to relieve people in need of care of investment costs and other expenses."[318]

A few examples will illustrate the differing regulations across the federal states:

• In 2003, *Bavaria* allocated: 102,300 euros to local authorities, 204,500 euros for operating costs to private companies, and 3,936,900 euros as grants for operating costs to social or similar institutions. "The funds are intended to secure care and support services within the 'Bavarian Care Network' which cannot be refinanced by law." (Budget 2003/2004, 10 07 / Title Group 72)
Similarly, in Bavaria in 2003, '200 family carers are supported by the state': 1.3 million euros for the promotion of family care.

• In 2003, *Rhineland-Palatinate* allocated (in addition to investment costs) 6.1 million euros to the state budget as 'grants to outpatient care facilities'; 5.4 million for the staffing costs of the advice and coordination centres, 300,000 for qualification and 500,000 for further training. (Budget 2002 and 2003: 06 02 / 684 41)

• *Schleswig-Holstein* has (in addition to investment support) 'Supplementary measures to improve care provision for the population': total expenditure (state, district and independent cities) €2,800,000, of which the state's share is €1,669,000. (2003 Budget: 10 05 / FKT 01)

"The investments (office equipment, vehicles and initial provision of care aids) are financed from state grants and own funds; foundations and the *GlücksSpirale* lottery often contribute as well."[319]

Tracing services

Church Tracing Service – Home town registers. -

Financial volume	17.6 million euros.

Legal basis
Administrative agreements

Funding
Grants from the Federal Ministry of the Interior

Although this area of activity is marginal in terms of scale and largely unknown to the public, it serves to illustrate two points. Firstly, how denominational organisations were able to take on activities 'outside their remit', and secondly, the manner in which they act on a direct state mandate and are funded.

Historical Background

After the end of the war, not only the German Red Cross but also a further 72 organisations were active in providing extensive tracing services for missing persons, deportees and prisoners of war. Following the founding of the Federal Republic in 1958, only a very small number were officially recognised and funded. These were, on the one hand, the German Red Cross (DRK) and the International Committee of the Red Cross (ICRC), and, on the other, the tracing services of the regional associations of displaced persons, in which the churches had taken the lead. In July 2001, a new agreement was concluded between the Ministry, the DRK, Diakonia and Caritas, reducing the number of church-run tracing services from seven to two. Both organisations operate on the direct instructions of the Federal Government.

The German Red Cross (DRK) focuses on family reunification. With their home-town registers, the church-run tracing services act as information centres for the search for missing civilians from the areas of displacement and as information centres for state resettlement procedures for ethnic German repatriates from: South-Eastern Europe (Hungary, Romania, Yugoslavia, Slovakia, Ruthenia), eastern resettlers (Russia, Bessarabia, Bulgaria, Dobruja), North-Eastern Europe (East Prussia, Memel, Danzig-West Prussia, Pomerania, the Baltic States), the Mark Brandenburg, the Wartheland region of Poland, Lower Silesia, Upper Silesia, and Sudeten Germans.

"Under the tracing service agreement with the German Red Cross (DRK) and the church welfare organisations, the Federal Government bears the costs of the facilities:" [320] 17,589,000 euros

Of this amount, the following each received:

DRK	250 staff members		14,390 000 euros
Caritas / Diakonia	62 staff members	*3,180,000 euros*	
Own funds (fees)		*19,000 euros*	3,199,000euros
In church funds			0 euros

The integration of these services into state responsibilities is also evident from the forms for registration with the registration authority, which ask for the place of residence as at 1 September 1939. The explanatory notes on the supplementary sheet state: "The question regarding the address on 1 September 1939 is to be answered only by refugees and displaced persons from the areas of expulsion, in particular from the former German eastern territories. This information is required to inform the Church Tracing Service for the updating of the home town register."

Addiction support

Financial volume	1.03 billion euros

Legal basis

—In accordance with Section 111 of Book V of the Social Code (SGB V), the preventive care or rehabilitation facility must conclude a care contract with the health insurance funds.

—Section 15(2) et seq. of SGB VI provides for inpatient medical rehabilitation in specialist clinics and the coverage of costs by pension insurance providers.

—Sections 27(1), 39(1) and 40(2) of SGB V regulate the coverage of costs by health insurance funds.

—Section 35 of the BtMG (Narcotics Act) allows for a suspension of imprisonment for persons convicted of offences under the BtMG (carrying a sentence of up to two years) if they participate in detoxification and addiction therapy. Section 36(1) of the BtMG requires the facility to be state-accredited.

—Rehabilitation (vocational reintegration following therapy) is funded by the pension insurance providers in accordance with Section 15 of Book VI of the Social Code (SGB VI).

—Sections 34, 35a and 41 of SGB VIII provide for the placement of young people in social therapy facilities or for their aftercare.

—Section 39 of SGB VIII allows for placement in supported housing facilities.

Funding / Organisation

Overview 130: Drug and Addiction Budgets in Germany, 2000

Institution	*Area of responsibility*	*in €million*
Federal Ministry of Health: 13.9 million euros	Public awareness	6,1
	campaigns, pilot	5,0
	schemes, research grants,	1,0
	grants to central associations	1,0
	Support for European networking	0,8
Ministry of Education and Research:	Funding for the ‘Addiction’ research priority	Ø 2.4
Federal states:	Measures in the field of ‘Drugs and Addiction’	135.9
Association of German Pension Insurance Institutions (VDR): 873 million euros	Inpatient benefits	694.9
	Outpatient benefits	24.2
	Transitional allowances	136.9
	Other benefits	17.0
Total		*1,025.2*

Source: German Reference Centre for the European Monitoring Centre for Drugs and Drug Addiction (DBDD): ‘Report on the Drug Situation in Germany 2001’, Table 2, p. 23.

The Federal Ministry of Health provided funding of 13.9 million euros for education, prevention and pilot projects (in 2000).
Addiction research is funded by the Federal Ministry of Health with approximately 1.8 million euros and by the Federal Ministry of Education and Research with approximately 2.4 million euros.
The federal states and districts fund counselling and prevention through state and non-state organisations with a total of around 136 million million euros.
Social welfare agencies are responsible for aftercare in supported housing.
The Association of German Pension Insurance Funds (VDR) estimates its benefits (in 2000) for people with addictions at approximately 873 million euros.

A brief history

Historically, 'alcoholism' has been a well-known (and lamented) phenomenon. Martin Luther spoke – in keeping with his religious worldview – of the 'drinking devil', which had to be fought. In this tradition, and particularly following the Industrial Revolution – as both mass poverty and the associated alcoholism became impossible to ignore, whilst 'sobriety' specific to certain occupations was required for operating machinery – the first 'rehabilitation centres for alcoholics' were established by the Protestant Inner Mission even before the turn of the 20th century (e.g. the *Lintorf Asylum* in 1879). By 1900, the first 'Directory of German Rehabilitation Centres for Alcoholics' already listed twenty-seven such institutions.[321]

State and church interests ran parallel, a fact that was still reflected in the Federal Republic in the fact that, until 1977, only civil servants and church representatives had a seat and a vote on the Ministry of Health's 'Permanent Working Group on Addiction' in Bonn.

In 1968, a ruling by the Federal Social Court in Germany recognised (alcohol) addiction as *an illness* and thus classified its treatment as a health measure to be funded by health insurance funds and pension insurance providers. Over the years, the definition of the illness was extended to include other forms of substance-related addiction (illegal drugs, nicotine) and today (following the recognition of eating disorders) the debate centres on whether gambling addiction should be recognised as an illness and its treatment funded accordingly.

A wave of new addiction treatment centres was established across the Federal Republic from 1970 until the late 1990s, until it was halted by the 1998 health reform. Whilst there were only 470 drug counselling centres in 1990, by 1998 there were around 1,200 such facilities. The number of

places for abstinence therapy doubled between 1985 and 1999, and the number of detoxification treatments rose from 2,410 (in 1987) to 10,732 (in 1999).[322]

Outpatient addiction support services

Across Germany, there are approximately 950 outpatient facilities providing support for people with addictions; these focus on prevention, offer accommodation and run drop-in centres, and are primarily active in the field of counselling. Local authorities bear half (46 per cent) of the costs of these facilities. A quarter (27 per cent) of the costs is funded from state and federal government resources. Around three-quarters of the costs (73%) of outpatient facilities are therefore publicly funded. This funding structure can, in very general terms, be taken as an approximate figure for the Federal Republic of Germany.

Overview 131: Funding of outpatient facilities for substance abuse support, 2000

Local authority funds	46 %	
State funding, federal funding	27 %	*'Public spending ratio' 73 %t*
social security contributions	11 %	
Reimbursement by clients / patients	1%	
Other sources	15 %	

Source: IFT, 2000 annual statistics on outpatient addiction support, cited from: Federal Association of Independent Welfare Organisations: 'Die Freie Wohlfahrtspflege', p. 138, Figure 6.12.

In individual cases, however, this mixed funding takes very different forms. An overview by the BAGFW (*Table 132*) compares the funding structures of seven organisations in Baden-Württemberg side by side.

Table 132: Funding structure of psychosocial counselling centres, 2001

Counselling centre	1	2	3	4	5	6	7
	Percentage of total costs						
State grant	25.8	34.9	24.5	22.7	23.1	32.1	23.1
Local authority grant / Regional social welfare authorities	29.5	40.9	50.6	32.5	28.1	28.6	45.9
'Public spending ratio'	*55.3*	*75.8*	*75.1*	*55.2*	*51.2*	*60.7*	*69.0*
Revenue*)	13.6	5.0	7.4	13.9	10.4	15.0	17.1
Funding bodies' own resources	31.2	19.2	17.5	30.9	38.3	24.3	14.0
Total cost	*100*	*100*	*100*	*100*	*100*	*100*	*100*

Source: BAGFW: 'Die Freie Wohlfahrtspflege', p. 139, Table 6. B4 (excluding 'state contribution').
**) Income from aftercare, outpatient rehabilitation, events, client contributions and special grants.*

The 'state contribution' fluctuates between 51 per cent and 76 per cent, whilst the organisations' own funds range from 14 to 38 per cent (with a median of 25 per cent). 'Own funds' are defined here as: *donations* to the organisation, *fines* and *church funds*.

The costs of these counselling centres (in 2001) ranged from 213,000 to 330,000 euros per organisation.[323] The proportion of the organisations' own funds therefore ranges from a minimum of 29,820 euros (14 per cent of 213,000) to a maximum of 125,400 euros (35 per cent of 330,000). The amount of church funding, which merely covers the shortfall not met by donations and allocations, cannot be determined. The assumption that, on average, 15 per cent of the costs of the counselling centres are financed from church funds already assumes the maximum possible use of church funds.

Inpatient addiction treatment in specialist clinics

In 2000, approximately 695 million euros were spent on inpatient addiction treatment in specialist clinics. A standard four-month course of treatment is funded at a daily rate of 90 to 102 euros, meaning the total cost per patient is around 12,000 euros.

There is a competitive landscape within this market segment, represented by two specialist associations: on the one hand, the *'Bundesverband für stationäre Suchtkrankenhilfe e.V.* (buss)' – which celebrated its 100th anniversary in 2003 – and, on the other, the *'Fachverband Sucht* (FVS)', founded in 1976.

A third (more general) professional association is the *FV Drogen und Rauschmittel (FDR)* – within the DPWV – which, however, primarily organises self-help groups.

Table 133: 'buss' – Members by association, institutions, venues, percentages

Association / Group	*Facility*	*Number of places*	*Places as a %*	*% of BAGFW*	*Average number of places*
Diakonisches Werk	44	2,266	*43.2%*	59.5% *90.5%*	52
Caritas	23	1,180	*22.5%*	31.0%	51
AWO	2	62	*1.2%*	1.6%	31
Paritätischer	8	300	*5.7%*	7.9%	38
DRK	-	-	-	-	-
BAGFW	*77*	*3,808*	*72.6%*	*100.0%*	*50*
State-funded	17	1,082	*20.6%*		64
Private	4	361	*6.9%*		90
Total	*98*	*5,251*	*100%*		54

Source: Federal Association for Residential Addiction Care (Bundesverband für stationäre Suchthilfe e.V.): 'Directory of Specialist Clinics', 2003.

Looking at the buss members, the difference becomes clear. The majority of member institutions (67 out of 98 = 68 per cent) and places (3,446 out of 5,251 = 66 per cent) are affiliated with a religious denomination. The remaining three charitable organisations play no significant role, and only state-run institutions (21 per cent of places) are of any real importance.

The *Professional Association for Addiction Care* organises the competition: the dominant members (70 per cent of places) are private commercial clinic groups; a further 18 per cent are provided by private operators not affiliated with any corporate group; and, of the charitable organisations, only the Paritätische has any real visibility (4.4 per cent of places).

Table 134: FV Sucht member institutions

Group	*Facility*	*Places*	*Places as a %*	*% of the group*		*Average number of places*
Diakonisches Werk	1	132	*2.2%*	31.5	*37,5*	-
Caritas Association	1	25	*0.4%*	6.0		-
Workers' Welfare Organisation	0	0	-	-		-
German Paritätischer	7	262	*4.4%*	62.5		37
German Red Cross	0	0		-		-
Charities	*9*	*419*	*7.1%*	*100.0%*		*47*
Private, non-affiliated	17	1,067	*18.0%*	20.2		63
AHG General Hospital Company AG	18	1,693	*28.5%*	32.1	*79.8*	85
AKG Dr S. Zwick KG & Co.	3	454	*7.6%*	8.6		151
Fuest Group	2	290	*4.9%*	5.5		145
Clinics and therapy centres (KTE)	8	614	*10.3%*	11.6		77
Paracelsus Clinics	2	240	*4.0%*	4.5		120
Rhön-Kliniken AG	3	391	*6.6%*	7.4		130
Salus Clinics	4	532	*9.0%*	10.1		133
Private provider groups	*57*	*5,281*	*88.9%*	*100.0%*		*90*
State-funded	2	243	*4.1%*			
Total		*5,943*	*100.0%*			*85*

Source: http://www.sucht.de. (see *the tables there for the individual residential care homes*).

A summary of these two major provider groups (*Table 135*), which comprise 161 residential care homes with around 11,200 places, reveals, on the one hand, the predominance of private-sector providers (50 per cent) over charitable organisations (38 per cent of places), on the other hand, however, both the dominance of hospital groups amongst private providers (77 per cent of these providers) and that of the two denominational associations (85 per cent) amongst the charitable organisations.

A comparison of privately run commercial providers with those run by charitable organisations reveals that commercially run clinics have roughly twice as many beds (average 101) as non-profit providers (average 49). State-run organisations (which in this context are predominantly the Baden-Württemberg state psychiatric hospitals), which are significantly under-represented overall in these overviews [324],lie almost exactly between these two figures (average 70).

Table 135: FV Sucht + 'buss' member institutions, by group

Group	*Institutions*	*Places*	*Places as a %*	*% of the group*		*Average number of places*
Diakonisches Werk	45	2,398	*21.4*	56.7	*85.2*	53
Caritas Association	24	1,205	*10.8*	28.5		50
AWO	2	62	*0.6*	1.5		31
German Paritätischer	15	562	*5.0*	13.3		38
German Red Cross	0	0	-	-		-
BAGFW Total	*86*	*4,227*	*37.8*	*100.0*		*49*
Private individuals	20	1,313	*11.7*	23.3		66
AHG General Hospital Company	18	1,693	*15.1*	30.0	*76.7*	94
AKG Dr S. Zwick KG & Co.	3	454	*4.1*	8.0		151
Fuest Group	3	405	*3.6*	7.2		135
Clinics and therapy centres (KTE)	8	614	*5.5*	10.9		77
Paracelsus Clinics	2	240	*2.1*	4.3		120
Rhön-Kliniken AG	3	391	*3.5*	6.9		130
Salus Clinics	4	532	*4.8*	9.4		133
Private funding bodies	*56*	*5,642*	*50.4*	*100.0*		*101*
State-funded	19	1,325	*11.8*			70
Total	*161*	*11,194*	*100.0*			*70*

It is also worth mentioning a third group of organisations running residential addiction support facilities, namely the 'unorganised' group (*Table 136*).

The strikingly strong presence in this group of organisations that are directly or corporately affiliated with the Diakonisches Werk or Caritas – and which are not organised within either of the two aforementioned associations – highlights two distinctive features of the denominational associations.

Of the 23 organisations listed in this overview as belonging to the German Caritas Association, 16 are run by the *German Order*. Since the 'financial scandal' at the end of 2000 – when the *Deutscher Orden Hospitalwerk* was forced to declare itself insolvent due to mismanagement and the resulting excessive debt (*see Excursus XIV: Charitable 'Monopoly'*) –

it has, in the meantime,reorganised, it does not, however, appear to be among the 'leading' Catholic institutions.

Table 136: Organisations not affiliated with specialist addiction associations

Group	*Facilities.*	*Places*	*Per-centage*	*as a % of the group*		*Average places*
Diakonisches Werk	14	376	*14.2*	19.4	*67.1*	27
Caritas Association	23	922	*34.7*	47.7		40
AWO	7	203	*7.6*	10.5		29
German Paritätischer	10	373	*14.1*	19.3		37
German Red Cross	1	60	*2.3*	3.1		-
BAGFW	*55*	*1,934*	*72.9*	*100.0%*		*35*
Private customers	9	483	*18.2*			54
Clinics and Therapy, KTE	1	160	*6.0*			-
Rhön-Kliniken AG	1	18	*0.7*			-
IVAES (Anthroposophists)	1	28	*1.1*			-
Private funding bodies	*12*	*689*	*26.0*			*57*
State-run	1	31	*1.2*			-
Total	*68*	*2,654*	*100*			*39*

A similar situation is likely to apply to member organisations of the Diakonisches Werk, as 10 of the 14 organisations – which are members of the Diakonisches Werk – belong to the missionary *working group 'Christliche Lebenshilfen*'. This is noteworthy insofar as membership of one of the umbrella organisations of independent social welfare services, in accordance with Book VIII of the Social Code (Youth Welfare), effectively qualifies a provider automatically as a 'recognised provider of independent youth welfare services', and as such, these organisations are then active in this capacity. However, the line is apparently drawn at the Protestant 'Pentecostal churches' – which are regarded as 'fundamentalist' – as their *social welfare organisation*, *'Biblisches Glaubensgemeinschaft'*, is not a member of the Diakonisches Werk but of the Paritätischer Wohlfahrtsverband.

The summary of all identified providers of residential addiction support services *(Table 137)* reveals a 'market split' in residential addiction support between the group of charitable organisations and private commercial providers, each of which accounts for around 45 per cent of places. The high proportion of providers (60 per cent) among the welfare organisations reflects the comparatively lower number of beds in their facilities. Once again, the dominance of providers affiliated with corporate groups (71 per cent) within the private-sector group, and the even stronger dominance of religious organisations (80 per cent) within the welfare organisations.

Table 137: All residential care homes by provider, places, groups

Group	*Residential facilities*	*Facilities %*	*Places*	*Places as a %*	*as a % of the group*		*Average places*
Diakonisches Werk	59	*25.2*	2,774	*20.0*	45.0	*79.5*	47
Caritas Association	47	*20.1*	2,127	*15.4*	34.5		45
Workers' Welfare Organisation	9	*3.8*	265	*1.9*	4.3		29
Paritätischer	25	*10.7*	935	*6.8*	15.2		37
Red Cross	1	*0.4*	60	*0.4*	1.0		-
Charities	*141*	*60.3*	*6,161*	*44.5*	*100.0%*		*44*
Private without commitment	29	*12.4*	1,796	*13.0*	28.4		62
AHG General Hospital Association	18	*7.7*	1,693	*12.2*	26.7	*71.2*	94
AKG Dr S. Zwick KG	3	*1.3*	454	*3.3*	7.2		151
Fuest Group	3	*1.3*	405	*2.9*	6.4		135
KTE Clinics	9	*3.8*	774	*5.6*	12.2		86
Paracelsus Clinics	2	*0.9*	240	*1.7*	3.8		120
Rhön-Kliniken AG	4	*1.7*	409	*3.0*	6.5		102
Salus Clinics	4	*1.7*	532	*3.9*	8.4		133
IVAVES	1	*0.4*	28	*0.2*	0.4		-
Private providers	*73*	*31.2*	*6,331*	*45.7*	*100.0%*		*86*
State-owned	20	*8.5*	1,356	*9.8*			68

With comparable capacity utilisation, the two denominational sponsoring organisations in this sector generate a turnover of approximately 310 million euros in their specialist clinics.

Where the facilities are specialist clinics, the *investments* are funded through 'dual funding' from tax revenue. Other facilities, such as Schloss Zahren in Mecklenburg – a social-therapeutic transitional residential home run by the Blue Cross's addiction support service (Protestant, Diakonisches Werk) – finance their investments through contractual agreements that provide for a *flat-rate investment contribution* per place per day. With 28 places in the main building (7.17 euros per place per day) and 12 places in the annexe (7.17 euros per place per day), this facility generates – even when it is merely on standby, i.e. even if there is not a single client – generates 287 euros per day and 104,682 euros per year in investment grants.

Special features of this segment

All federal states have established *state offices to combat the dangers of addiction*. Generally, these state offices have been placed under the auspices of the LIGA, the umbrella organisation of the leading welfare associations. They are funded by grants from the federal states, the federal LIGA, the LVA and their members, as well as through donations and fines.

For the state offices in North Rhine-Westphalia, Rhineland-Palatinate and the Saarland, the address is simply given as: c/o Diakonisches Werk; in Bremen: c/o Caritasverband Bremen e.V. The Diakonisches Werk plays a dominant role in the state offices in Hamburg, Baden-Württemberg and Saxony-Anhalt. Of particular note is the federal state of Baden-Württemberg, which maintains two state offices for the prevention of addiction. On the one hand, there is the *Baden-Württemberg Regional Office for the Prevention of Addiction, part of the League of Independent Welfare Organisations*, based in Stuttgart and dominated by the Diakonisches Werk; on the other hand, there is the *Baden Regional Association for the Prevention of Addiction e.V.* in Rechen, founded as early as 1919, which is funded by the state and the LVA.

The DHS (*German Central Office for Addiction Issues e.V.*) is the leading specialist organisation for addiction issues in Germany. Its members include the umbrella organisations of the welfare sector, abstinence and self-help associations, as well as specialist associations.

Members of the DHS are:

Welfare organisations:	*Denomination*
- Workers' Welfare Organisation (AWO),	–
- German Caritas Association (DCV) ;	Catholic
- German Red Cross (DRK)	–
- General Association for the Assistance of People with Addictions (within the Diakonisches Werk) (GVS)	Protestant
- German Parity Welfare Association (DPWV)	–
Abstinence and self-help organisations:	
- Blue Cross in Germany e.V. (Protestant Free Church),	Protestant
- Blue Cross within the Protestant Church e.V. (Diakonisches Werk),	Ev.
- Kreuzbund e.V. (German Caritas Association),	Catholic
- Friends' Circle for Addiction Support (Diakonisches Werk)	Ev.
- German Order of the Good Templars (DPWV)	–
Professional associations.	
- Federal Association for Residential Addiction Support 'buss' (predominantly denominational)	
- Federation for Drug-Free Education (DPWV)	–
- Professional Association for Drugs and Intoxicants (DPWV)	–
- Professional Association for Gambling Addiction (Diakonisches Werk)	Protestant
- Catholic Centre for Social Ethics (KSA)	Catholic

It is striking that Caritas does not operate any addiction clinics in the orth and east of Germany. This reveals a 'Wagenburg mentality', evident, amongst other things, in the fact that Caritas's specialist clinics are located exclusively where Catholics are in the majority, i.e. to the west and south of the 'Diaspora Line'.

There are also state-run facilities providing *support for addiction problems*, such as the *Addiction Advice Centre* at *the University* of Freiburg im Breisgau, which, upon checking the contact details, turns out to be *the Working Group for Assistance to Vulnerable Persons and for the Protection of Young People in the Archdiocese of Freiburg e.V.*[325]

It is therefore hardly surprising that, in the EU-funded research project 'Children of Addicts' (ENCARE), a religious organisation has been appointed to lead the project in Germany: the Catholic University of Applied Sciences of North Rhine-Westphalia in Cologne, which specialises in addiction research.[326]

Latest developments in this area

In view of the financial constraints faced by the federal states, district associations and local authorities, the aim is to have only one counselling organisation active per locality. In Blankenese, Hamburg, for example, the two drug counselling centres that previously existed – the AWO counselling centre for *legal drugs* and Therapiehilfe e.V. (Diakonisches Werk) for *illegal drugs* – have been transferred to a single organisation, the religious one.

Conclusion

Of the 1.03 billion euros (in 2000) allocated for measures to combat addiction and drug abuse, the Diakonisches Werk and Caritasverband are expected to implement at least:

Grants for the organisations' work (60 per cent)	0.6 million euros
Pilot schemes (50 per cent)	5 million euros
Measures by the federal states (50 per cent)	68 million euros
Inpatient services (45 per cent)	310 million euros
Outpatient services (50 per cent)	12 million euros
Total	*393 million euros*
Maximum use of church funds (15% of advice centres)	1.8 million euros

Not included are government investment measures for denominational addiction clinics.

Telephone counselling service

Financial volume (estimate)	24 million euros

Legal basis
None

Funding
Mixed funding, church funds

Just like the *railway station mission*, the telephone counselling service is widely known amongst the general public and is correctly classified as a church-run organisation – which, given the term 'Seelsorge' (pastoral care), is hardly surprising. It is (predominantly) run by the churches as a 'service unit', registered associations, non-profit limited companies or a board of trustees comprising several stakeholders.

What is surprising, however – given its high profile – is the small number of full-time staff, which is only marginal when viewed in the context of the overall figures. In 106 institutions (of which Caritas counts 49 as its own, whilst the Diakonisches Werk lists all 106), 460 full-time staff are employed (166 at Caritas and 294 within the Diakonisches Werk), of whom 193 (= 42 per cent) work part-time, which equates to 364 'full-time equivalents'. In 2000, 7,035 men and women (plus 1,710 in training); in 2001, the figure was 7,195 (and 1,403 in training) and, in 2002, 6,928 (plus 1,212 in training).[327] A telephone counselling service requires 70 to 80 volunteers to provide a full 24-hour service; in large cities, this figure rises to 100 or more.

There is a Protestant (0800 – 1 11 01 11) and a Catholic telephone counselling service (0800 – 1 11 02 22)[328] . In reality, however, callers do not want pastoral care from a trained theologian, but rather to talk to someone about their problems; consequently, more and more services are being run on an ecumenical basis.

The telephone counselling service originated in London in 1953 as an emergency helpline for people at risk of suicide, and accordingly the first German organisation (founded in October 1956 in Berlin by the doctor, pastor and psychotherapist Klaus Thomas) was called 'Medical Care for the Suicidal'. Following the establishment of centres in Kassel and Frankfurt am Main, the name 'Telefonseelsorge' was agreed upon (a registered, protected trade name since 1999 to prevent misuse of the term). In the

year 1985, there were 86 Telefonseelsorge centres with 5,500 volunteers and 710,000 calls; by 2002, there were 106 centres with 6,928 volunteers and 2.2 million callers. Since 1997, there have been standardised telephone numbers across Germany, and Deutsche Telekom AG covers the costs, meaning that calls are free of charge and remain anonymous – there is no call trace.

The work of the volunteers is "not primarily a financial decision, but rather a conceptual one. According to research, for example at the Crisis Intervention Centre in Los Angeles, volunteers who are trained to work with and talk to people in a life crisis are, under certain circumstances, even better suited to the task than salaried professionals."[329] The training of volunteers lasts one hundred hours, spread over a year, and is combined with a commitment to ongoing supervision and further training. Volunteers are normally expected to undertake three four-hour shifts per month. Many telephone counsellors end their involvement after four to five years.

There are no current published figures on the funding of the telephone counselling service. In a comprehensive survey of all parishes, church districts and regional churches for 1984 (including amounts for staff training), the EKD identified a total requirement of 3,264,000 euros (*Table 138*), the revenue for which is drawn from five different sources: Grants from towns, districts and lotteries (8.4 per cent), fines and similar (8.8 per cent), donations (3.1 per cent), miscellaneous (1.1 per cent) and church funds (78.7 per cent).

Table 138: Earmarked revenue by type of revenue and proportion of total funding required for the 'Telephone Counselling' service, 1984

Type of revenue / Source of funding	*DM*	*= Euro*	*% of revenue*	*% of total*
Grants from third parties	536,743	274,276	39.4	*8.4*
Administrative revenue (including fines)	560,404	286,366	41.1	*8.8*
Collections, donations	198,812	101,593	14.6	*3.1*
Other income	67,149	34,313	4.9	*1.1*
Earmarked revenue	*1,363,108*	*696,548*	*100*	21.3
Church funds	5,024,800	2,567,673		78.7
Total	*6,387,908*	*3,264,221*		*100*

Source: Dieter Rohde: 'Church Statistics', in: Church Yearbook for the E. K. D., Gütersloh 1987, Part 3, p. 333.

This 'mix' appears to be typical. For example, one TS branch describes its funding as follows: "The Heilbronn Telephone Counselling Service is is supported by the Protestant and Catholic Churches and financed predominantly from church tax revenue.

In addition, we receive grants from foundations, the Heilbronn district, the Hohenlohe district and the state (Regional Council), as well as fines from judicial authorities. And we rely on donations, which we are keen to highlight – regardless of the amount."[330]

As 'church institutions', the telephone counselling services are authorised to issue donation receipts for the promotion of church and religious purposes (Sections 52 and 54 of the German Fiscal Code).

According to the latest EKD comprehensive survey on the financial situation (2000), it was reported that this data was no longer being collected. However, an overview of the budget of the Protestant Telephone Counselling Service in Cologne indicates that – at least in the western federal states – the situation has not fundamentally changed (*Overview 139*).

Whilst in 1984 a total of 2.6 million euros, or 78.7 per cent, was provided from church funds for the work of the Protestant Telephone Counselling Service, in 2002 the figure for the Protestant Telephone Counselling Service in Cologne was 71.5 per cent (8.2 per cent + 63.3 per cent) from church funds.

Overview 139: Protestant Telephone Counselling, Cologne City Church Association, Finances 2002

Income			
Allocations from church districts	7,669.38		
Reimbursement for fees / training from previous years	13,251.16		
Allocation for investments	326.95	21,247.49	8.2%
Interest income	3,824.76		
Donations / Offerings	68,232.37		
Withdrawal from reserves	2,162.26	74,219.39	28.5%
Total income	*95,466.88*		
Expenditure			
Travel expenses for volunteers	16,695.29		
Parish salaries / remuneration / fees	178,562.86		
Statutory accident insurance	243.63		
Training / Supervision for the Head	2,450.78		
Joint event	3,854.72		
Other staff-related expenses	3,683.52		
Building management / Rent	12,359.29		
Transport costs	2,605.46		
Telephone, postage, office supplies	11,245.05		
Training expenses	13,427.83		
Membership fees, discretionary funds	683.90		
Allocation to reserves	14,148.09		
Purchase of movable property	390.95		
Total expenditure	*260,350.88*		
Funding required		164,884.00	63.3%
		260,350.88	100%

Source: Protestant City Church Association of Cologne: Budget 2004, pp. 9–10.

What is not included in the overview is the 'generous gesture' of Telekom covering the call charges. However, the relationship between services is turned on its head when the Protestant Telephone Counselling Service in Cologne states: 'The agreement between the Telephone Counselling Service and Telekom has proved its worth, and we very much hope to be able to continue to grant freedom of expression "[331] If one converts the actual 1.66 million calls recorded in the statistics by the Telephone Counselling Service into the total number of minutes, this amounts to 24.5 million minutes of call time. At a rate of 0.0307 euros per minute, this amounts to around 750,000 euros 'donated' by Telekom.

The costs of the Protestant Telephone Counselling Service in Cologne are – at least for western Germany – to be regarded as 'average'. The Telephone Counselling Service in Eichstätt quotes costs of around 180,000 euros, Münster €300,000, and Giessen-Wetzlar €250,000. If we now take the costs of the Protestant Telephone Counselling Service in Cologne for 2002 and the budget estimates for 2003/2004 for all telephone counselling services in Germany as a basis, we have at least established the *upper limit* of what telephone counselling requires in terms of funding (*Overview 140*). On this basis, the estimated figure would be around 34 million euros per year. If we also take the funding shares into account, this amounts to 24.6 million euros (71.5 per cent) from church funds.

Overview 140: (Preliminary) projection of the costs of telephone counselling in Germany based at the Evangelische TS in Cologne

106 female pastors (leaders) at 86,000 euros each	9,116,000
161 full-time staff + 193 full-time equivalent part-time staff = 258 full-time equivalents at approx. 69,000 euros each	17,802,000
7,000 volunteers (expenses + training) at 440 euros each	3,080,000
106 x material and office costs at 41,700 euros each	4,420,000
Total	34,418,000

Compared with the EKD's figures from 1984 (total expenditure of 3.3 million euros) and including the equivalent costs for the Catholic telephone counselling service, the figure for 1984 would be 6.6 million euros, i.e. one-fifth of the costs compared with the projected 34 million euros for 2004. The figure therefore appears to be significantly overestimated. However, the managing director of the Protestant Conference for Telephone Counselling, Traugott Weber, had already estimated the contribu-

tion from church-run organisations at around 40 million DM (= approximately 20 million euros) back in November 1997 [!]:

"Deutsche Telekom has given callers to the telephone counselling service a guarantee that they will always be able to reach a counsellor. However, a new threat now stems from the churches. The telephone counselling service is affected by the financial worries and cutbacks of the two major churches. So far, there are only cautious but gloomy estimates as to how the planned tax reform will affect the telephone counselling service's budget. The situation is precarious in the new federal states. Of the approximately 40 million DM that the church organisations raise annually for the telephone counselling service, not even 1 million goes to the new federal states. However, maintaining 100 telephone counselling centres is an essential prerequisite for being able to offer a comprehensive network of telephone counselling for those who call every day. Even now, round-the-clock service in the new federal states can only be guaranteed by up to three centres temporarily linking up. It is also worth asking whether, in order to provide a comprehensive telephone counselling service, greater responsibility should not be placed on public and local authorities."[332]

Even though the structures vary greatly, there was evidently a cost-intensive expansion and 'ecclesiasticalisation' of management positions between 1984 and 1997; today – in the West – these are largely filled by female pastors, male pastors or pastoral assistants.

Compared with 1997 (approx. 20 billion euros), the projected church contribution for 2004 of 24.6 million euros is considered appropriate and should be retained.

The telephone counselling service is run not only by church districts, deaneries, regional churches, dioceses, etc. – that is, the legal bodies of the two major established churches – but also, for example, by the *Maristen* religious order (in Passau since 1975); the telephone counselling service in Marburg (since 1976) is a branch of the *Evangelical Alliance*; in addition, there are independent, charitable associations, such as those in (West) Berlin.

The special situation in Berlin

There are two telephone counselling services in Berlin. One might think this is not unusual for major German cities – as is the case, for example, in Essen, Frankfurt, Cologne, Munich and Stuttgart: there is a Catholic and a Protestant telephone counselling service, and they generally work together. The situation is different in Berlin. There is the *'Kirchliche Telefonseelsorge* Berlin (or *'Telefonseelsorge Berlin* Mitte'), founded in 1987 in the GDR by church organisations and now run by the Archdiocese, the Regional Church of Berlin-Brandenburg and Protestant Free Churches, and 'managed' by Caritas. The other service is

the *'Telefonseelsorge Berlin e.*V.', the very first telephone counselling service in Germany (founded in October 1956), a registered association operating on Christian principles (a member of the Protestant Conference for Telephone Counselling), which is formally independent of the churches.

In 1998, internal conflicts within the *Church-run Telephone Counselling Service* were brought to public attention: 'In the battle for souls. Church-run and non-church-run telephone counselling services in Berlin are vying for public funding.'[333] The *Church-run Telephone Counselling Service* had a deficit of 50,000 DM and complained that, with a comparable number of callers (20,000 calls in each case), the West Berlin Telephone Counselling Service received a Senate grant of 180,000 DM, whilst the Church-run Telephone Counselling Service in the eastern part of the city received only DM 130,000. "If we were forced to close, the city and the health insurance funds would face enormous costs," feared Uwe Müller of Caritas. "After all, we are able to prevent many callers from taking their own lives."[334]

The costs of *the Church-run helpline* – with three full-time staff and 126 volunteers – amounted to 340,000 DM, of which the Senate funded 130,000 DM (38 per cent). Caritas, Diakonia, the Archdiocesan Ordinariate, the Federation of Protestant Free Churches and the Regional Church of Berlin-Brandenburg also 130,000 DM (38%) was also contributed, whilst the 30,000 DM in donations (9%) was insufficient to cover the deficit of 50,000 DM. As funding was not increased by any party, there are currently only two full-time staff members.

In 1998, *Telefonseelsorge Berlin e. V.* had an annual budget of 870,000 DM with ten full-time staff, to which the Senate contributed 180,000 DM (21 per cent). Currently (in 2002), there are only eight full-time staff members (seven of whom work part-time), and the organisation is "funded to just over 60 per cent by private donations, 20 per cent by the Berlin Senate, and 3 per cent by the Protestant Church and its parishes. The remaining funding [17 per cent] in 2002 came from special grants from institutional sources, such as the Paritätischer Wohlfahrtsverband, and from fines."[335] Through decades of 'cultivating' its independence, *Telefonseelsorge Berlin e.V.* has built up a comparatively stable circle of donors, which it also 'nurtures' intensively, for example with two musical 'thank-you concerts' in spring and autumn 2002. Even though the association is not the official telephone counselling service of the Protestant Church, the organisation uses the freephone number of the Protestant Telephone Counselling Service (0800 – 111 0 111) – as does the church-independent organisations running the telephone counselling service in the new federal states have also been allocated this telephone number.

The situation in the new federal states

The establishment of the Telephone Counselling Service in the New Federal States has its own history. In 1986, church-run telephone counselling centres were set up in Dresden and, in 1987, in East Berlin; the centre in East Berlin was staffed by qualified personnel with assistance from the West.

After 1989 – due to the 'financial impotence of the East German churches' – 16 further centres, each with one full-time staff member, were established, this time with greater state support. In 1997, the slogan 'Emergency Helpers in Distress'[336] was used for the first time, and in November 2003, a 'Night of Silence' was held in Rostock – as a protest – to put pressure on the state government.

In Mecklenburg, the telephone counselling service is regarded as a single organisation with three locations (in Rostock, Schwerin and Neubrandenburg). The four sponsoring organisations (the Protestant Lutheran Regional Church, the Diakonisches Werk Mecklenburg, the Archiepiscopal Office of Schwerin and Caritas Mecklenburg) take the view that the telephone counselling service is not a 'special church service', but rather forms part of a local authority's general public services: a counselling service that is open round the clock – even, and especially, when all other services are closed. In Mecklenburg, for example, the head of Caritas' social services is also the telephone counselling coordinator. However, the state government has so far not complied with the demand to include a separate budget line for telephone counselling in the state budget and, furthermore, discontinued the grants in 2003. (The Ministry of Social Affairs, however, takes the view that it has merely cut the grants to Diakonia and Caritas, and that how the organisations allocate their funds is their own business.) Following protracted negotiations, the Ministry of Labour agreed in 2004 to fund one full-time post for three years. Of the total budget of around 220,000 euros – for all three posts – the four sponsoring organisations together contribute 140,000 euros (= 64%) in equal shares, 50,000 euros is paid by the state, and €30,000 is covered by the districts/towns, donations and grants (for the training of volunteers) from an educational foundation.

In Dresden, the organisation responsible for the Eeumenical Telephone Counselling Service (Diakonic Work – Stadtmission Dresden e.V.) is undecided. On the one hand, the service is classified as 'general social counselling'; on the other, it is categorised as 'missionary work'.[337] Founded in 1986, it was – in the 'wake' of the Church Congress in Dresden – a regional initiative by doctors and therapists. The budget amounts to – as is generally the case in Saxony – around 100,000 euros, of which the Protestant Lutheran and the Roman Catholic Churches together.

Ten per cent is provided by the local sponsoring body (usually the Diakonia) from its own funds (donations), and 40 per cent is covered by the state and local authorities / towns.

There are several differences between East and West: whilst in the West there are normally several full-time staff (part-time) and a pastor as head (BAT IIa / Ib), in the New Federal States there is only one full-time staff member (part-time), who is often a social education worker (BAT IV). The centres established in the West have stronger links to the church than the TS centres in the New Federal States, which tend to see themselves more as social service providers. The need to secure state subsidies was more pronounced in the New Federal States from the outset. Voluntary work also plays a more significant role there, even in management roles.

To summarise the findings (*Overview 141*), the financial expenditure for the weighted average of 85 centres in the West, 19 posts in eastern Germany and the 2 posts in Berlin, the total financial expenditure amounts to around 24 million euros (23,770,000 euros), with funding from the churches totalling 16.2 million euros, which corresponds to 68 per cent of the costs.

Overview 141: Weighted averages / Costs of the telephone counselling service

85 centres in the west (€250,000 each)	21,250,000 euros	
Proportion of funding from the churches: 71.5 per cent)		*15,194,000 euros*
1 post in Berlin (West)	450,000 euros	
Proportion of church funding (3%)	-	- *13,500 euros*
1 Post in Berlin (East)	170,000 euros	
Proportion funded by the Church (38 per cent)	-	*65,000 euros*
19 posts in the East (€100,000 each)	1„900,000 euros	
Proportion funded by the Church (50 per cent)		*950,000 euros*
Totals	23,770,000 euros	*16,222,500 euros*

State grants – such as those in Thuringia [338]– for the work of the *State Association for Telephone Counselling* (51,100 euros) were not included in these figures.

Association work / Central services

Financial volume	Volume: 1.1 billion

At the annual general meeting of *the German Association for the Care of the Poor and Charity* 111 years ago, i.e. in 1894, the speaker Eberty lamented:

'There are interdenominational, denominational, Jewish, Catholic and Protestant children's homes, societies for the relief of the poor (...) which results in a senseless squandering of money and other noble human resources. One should never be indifferent to religion, but charity should be non-denominational and, of course, politically neutral."[339]

A sensible 'dreamer', for "even within *the German Association for the Care of the Poor and Charity*, Eberty was unable to gain acceptance for his theses. Several speakers, some of whom were rooted in charitable Catholicism, emphasised the independent role of church-run welfare institutions in particular and succeeded in ensuring that any commitment to forms of coordination determined by the local authority was avoided."[340]

The result was a matrix of all the associations operating in parallel to the state administration, which is described in a self-assessment as follows:

"Overall, the umbrella organisations of independent welfare services – which are united in the Working Group at federal and state level – also make a constant contribution to the ongoing development of welfare services at all levels and thus fulfil a function of significant socio-political importance.

In view of this special position and function, direct funding of their core tasks by the federal government, the Länder and local authorities is justified and necessary from a socio-political perspective. This enables them to fulfil these tasks, which are also very much in the public interest. This funding is of a different order to the usual subsidies for specific interest groups and for income redistribution; it should therefore not be subject to review depending on the respective budgetary situation."[341]

Matrix – Structure

Horizontally, in 'layers' that build upon one another:

AWO: 29 district and regional associations, 453 county associations, 3,936 local branches

DCV: , 27 diocesan Caritas associations, 636 local, district and regional Caritas associations

DPWV: 16 regional associations, 280 district offices

DRK: 19 regional associations, 528 district associations, 5,075 local branches, 11,724 Red Cross groups

DW: 25 regional associations and, depending on the regional church, a varying number of regional or traditional sub-divisions, for which mergers are currently planned. In the North Elbe Regional Church, for example, the division between the Diakonisches Werk Schleswig-Holstein and the Diakonisches Werk Hamburg is still evident; these have not yet merged, as their respective funding sources are based in Kiel and Hamburg.

Added to this is the fact that within these large associations there are further independent associations, which are likewise organised across several levels. Within the Caritas Association, for example, there are around 260 religious orders and the Order of Malta; within the German Red Cross there is also an association of nursing sisters; within the Diakonisches Werk there are the diaconal institutions of nine Free Churches, associations of deaconesses and the Order of St John; and within the Paritätische, the major organisations such as the *Arbeiter-Samariter-Bund* (ASB) and *Volkssolidarität* (VS) are each structured independently.

Vertically, there are respective 'strands' in the form of specialist associations, working groups and federal associations. Caritas lists 19 specialist associations, whilst the Diakonia has around 100 specialist associations within its ranks.

The whole structure is then further organised *both horizontally and vertically* into federal working groups and regional working groups, comprising both the federations themselves and the respective specialist associations.

Matrix – Reality

Apart from the independent organisational life of meetings, conferences and general assemblies – where technical information is shared, matters are discussed, joint positions are formulated, issues are deferred or decisions are taken – a great many people sit around the table when the welfare matrix and the corresponding state matrix negotiate with one another and conclude agreements.

An example from North Rhine-Westphalia: this concerns the State Framework Agreement under Section 93d,2 of the Federal Social Assistance Act (BSHG)[342], which deals with agreeing social benefits (integration support, housing options, etc.) for those in need of care in accordance with the Federal Social Assistance Act.

Framework agreement pursuant to Section 93d of the Federal Social Assistance Act (BSHG) concerning the agreements on benefits, remuneration and audits under Section 93(2) BSHG between the Working Group of the Central Organisations of Independent Welfare Services,
Arbeiterwohlfahrt Bezirksverband Mittelrhein e.V., Arbeiterwohlfahrt Bezirksverband Niederrhein e.V., Arbeiterwohlfahrt Bezirksverband Ostwestfalen-Lippe e.V., Arbeiterwohlfahrt Bezirksverband Westliches Westfalen e.V., Caritasverband für das Bistum Aachen e.V.,
Caritas Association for the Diocese of Essen e.V.,
the Diocesan Caritas Association for the Archdiocese of Cologne e.V., the Caritas Association for the Diocese of Münster e.V., the Caritas Association for the Archdiocese of Paderborn e.V.,
German Parity Welfare Association – North Rhine-Westphalia Regional Association e.V., German Red Cross – North Rhine Regional Association e.V.,
German Red Cross – Westphalia-Lippe Regional Association, Diakonisches Werk of the Protestant Church in the Rhineland, Diakonisches Werk of the Protestant Church of Westphalia,
Diakonisches Werk – Innere Mission and Hilfswerk of the Lippe Regional Church e.V., Regional Association of Jewish Communities in North Rhine-Westphalia,
Regional Association of Jewish Communities in Westphalia,
Federal Association of Private Care Homes and Outpatient Services (BPA), Professional Association for Addiction Care,
Association of Local Authority Care Homes for the Elderly and People with Disabilities in North Rhine-Westphalia (VKSB), Association of German Organisations for the Elderly and People with Disabilities (VDAB) – LD NRW State Working Group of Public Care Homes for People with Disabilities in North Rhine-Westphalia on the one hand and Rhineland Regional Council, Westphalia-Lippe Regional Council, North Rhine-Westphalia County Council, North Rhine-Westphalia Association of Towns and Cities,
Association of Towns and Municipalities of North Rhine-Westphalia on the other hand.

If only one representative from each association took part in the negotiations, the ratio would be 23 representatives from the welfare associations to 5 representatives from the state and local authority associations.

Orders of magnitude

To stick with the metaphor: the muscle that does the work must be attached to a skeletal framework so that it can exert its strength. If the staff on the ground are the muscles, then the ‘skeletal framework’ of the association is also needed to set the framework conditions, coordinates, advises, etc. The only question is how strong or heavy this ‘skeleton’ is.

In their 'organisation statistics', the German Caritas Association and the Diakonisches Werk have also listed 'Central Services' and 'Association' respectively, along with their staff. Ranked by size (*Overview 142*), the total figure is: 26,159 staff members (or 20,104 full-time equivalent posts). Caritas's statistics list 7,132 staff members for association work (5,503 full-time equivalents), whilst the Diakonisches Werk lists 19,027 staff members in central services (corresponding to 14,601 full-time equivalents), but no staff members engaged in association activities.

Overview 142: Staff in Central Services / Associations

Field of work	*Caritas Association*			*Diakonisches Werk*		
	Total	*Full-time*	*Part-time*	*Total*	*Full-time*	*Part-time*
Central Health Services				5,545	*2,939*	*2,606*
Caritas Association (local, district, regional)	4,071	*1,947*	*2,124*			
Central Youth Welfare Services				3,994	*2,117*	*1,877*
Central Services for Elderly Care				3,696	*1,959*	*1,737*
Central Services for People with Disabilities				2,955	*1,566*	*1,389*
Caritas Association (DiCV, Head Office)	2,592	*1,762*	*830*			
Branch offices of the Diakonische Werke				1,945	*1,105*	*840*
IN VIA Association (town, district, DiCV)	469	*164*	*305*			
Central offices for other support services				386	*220*	*166*
Central Services: Emergency Assistance				339	*180*	*159*
Central Services – Family Support				167	*89*	*78*
Totals	*7,132*	*3,873*	*3,259*	*19,027*	*10,175*	*8,852*
Full-time equivalents		5,503			14,601	

Sources: Caritas organisation statistics as at 1 January 2001, Diakonisches Werk as at 1 January 2000.

With average wage costs of 43,000 euros, the full-time equivalents of the 20,104 posts represent total annual wage costs of 865 million euros (864,472,000 euros). This figure would apply solely to the structures of Diakonia and Caritas – although it is worth noting that Caritas does not mention any central services within its areas of activity, and that the Diakonisches Werk does not have any association-level structures.

The other four welfare organisations have additional 'central services', and in relation to the total number of staff – of whom Caritas and Diakonia account for around 72 per cent (*see Chapter II.1*) – the number of staff required for association work would need to be increased by around 5,600; in other words, the central structures of the LIGA have around 25,700 full-time equivalent posts, which means they incur wage costs in the region of 1.1 billion euros.

According to figures from the Federal Association of Independent Welfare Organisations, the number of staff employed in general administrative offices 'rose to well over 27,000 during the 1980s'.[343] In this respect, the full-time equivalents provide an accurate indication of the scale involved.

The wage costs to be paid for this far exceed the 'own funds' described in the first part of this report – derived from lotteries, donations, membership fees, interest income, etc.

In addition to wage costs, there are also other expenses, as the association meetings must be financed somehow. In October 2002, for example, the associations met to establish a 'Network 2010: Not-for-Profit Organisations' on the topic of 'sustainability'. Where? At the upmarket Hotel Adlon in Berlin.[344]

Funding the associations' work

The association members finance part of the costs. However, the daily rates, service agreements and members' income do not generate enough revenue to cover the majority of the staffing costs in the central services and associations. The smaller associations – AWO and DRK – have a comparatively small number of 'officials' relative to their membership; in their case, membership fees are sufficient to cover a significant number of association staff. The large numbers of staff at the two denominational associations, combined with their small membership, point to other sources of funding. And when the term 'traditionally' is used, it always refers to the state. And this can also be viewed in a positive light:

'Entirely in keeping with the principle of a "lean state", non-governmental organisations within the independent welfare sector in Germany traditionally contribute to the provision of public services and, to that extent, relieve the burden on the public purse. In return, they are granted institutional privileges and receive financial support in various ways.'[345]

Admittedly, it is hard to understand why one is supposedly relieved of a burden when one pays for it oneself, but that is presumably a matter of perspective. The State of Berlin is the most consistent in this regard and has concluded several framework agreements with the Landes-Liga. In place of the state civil servants whose posts have been cut, the associations now receive these funds directly for their 'trustee work' on behalf of the state.

The report illustrates which expenses are funded by providing a small excerpt from this matrix, specifically the regional diaconal organisations in Hesse-Nassau:

'The regional diaconal organisations have developed into medium-sized enterprises within the social economy. They are successful social service providers for local authorities, districts, the federal states and the federal government, and already derive more than 70 per cent of their funding from these institutions.' And: "Local authorities, the Church, donors and foundations expect the Diakonia to use as high a proportion as possible of the funds provided for direct support services. [...] The Diakonia in Hesse and Nassau allocates donations exclusively for their intended purposes. Administrative costs are minimal. However: the proportion of church funding in the rDWs [regional diaconal organisations] now stands at only 23 per cent of total budgets, and the trend is downwards. [...] Approximately half of these funds are already being used for management, administration and the fulfilment of the tasks set out in the Church Act on Diakonia in the region."[346]

Both state grants and subsidies from church bodies must therefore be taken into account.

State funding for the work of the associations

State grants for the general work of umbrella organisations had already been discussed in the section on general funding (*Chapter II.– 3.*) – with the observation, regarding state grants from the federal states, that these block grants might also involve, or would involve, specific subsidies for the work of the organisations in their various fields of activity. However, these state grants are not without consequences:

"The organisations are existentially dependent on such grants and must adapt their structures to the requirements and practices of the authorities. Welfare organisations are financially dependent on the state and, as a result, are becoming increasingly similar to public authorities in their structures and ways of thinking.'[347]

The parallels between the welfare and state matrices are also evident in the areas of activity: health, children and young people, the family, women, the elderly, people with disabilities, and migrants.

Excerpts from budget plans are presented here, though it is not possible to cover their full scope. On the one hand, these grants are 'incorporated' into specific detailed plans (the Children and Young People's Plan, the State Plan for Older People, etc.); on the other hand, funding is provided not only to the associations within the League but also to all manner of other associations, the structure and classification of which have yet to be clarified.

The Federal Government already funded the LIGA's Federal Working Group (*see Chapter II.3.1, 'Federal grants'*).

Further items —not specifically itemised —which in this selection (*Overview 143*) already amount to 26.4 million euros (in 2001) and 25.2 million euros (in 2003), respectively, also include allocations for specific association work and central services. Due to the 'bundled presentation' of, for example, the Federal Government's Children and Youth Plan, further grants cannot be identified in this way.

Overview 143: Federal grants for central measures 2001 (actual) 2002 (target) 2003 .

684 03 Grants to welfare and displaced persons' for the care of ethnic German returnees	12,782,000	12,500,000	12,500,000
684 05 Grants to welfare organisations and other central organisations for refugees and emigrants	2,285,000	2,300,000	2,300,000
684 07 Grants to central organisations and for central measures in the field of social welfare (mainly project funding)	6,876,000	6,900,000	7,077,000
684 08 Funding for central initiatives and organisations organisations in the voluntary sector and self-help	2,041,000	1,188,000	920,000
684 31 Grants to central organisations and for central initiatives in care for the elderly	2,381,000	2,403,000	2,400,000
Totals	*26,365,000*	*25,291,000*	*25,197,000*

But the federal states are not to be outdone either (*Overview 144*). The grants recorded on a random sample basis in Bavaria, Baden-Württemberg and for youth work in Saarland and Saxony alone amount to around 25 million euros (24,759,500 euros).

Overview 144: State grants (extract)

Area of activity	*Budget heading*	*Grant*
Baden-Württemberg (Budget for 2003)		
Grants to *youth organisations* for education officers	04 65 – 684 02-0	1,431,600 euros
Grants for core activities of *youth organisations*	04 65 – 684 03-8	1,506,300 euros
Grants to associations providing …	09 22 – 684 75-9	7,226,700 euros
Bavaria (2004 Budget)		
General integration of *resettled persons*	10 50 – 684 06	2,088,900 euros
Social integration of *people with disabilities*	10 05 / 78, 3.	1,033,900 euros
Recruitment of staff for *people with disabilities*	10 05 / 78, 4.	511,300 euros
Disability organisations at regional level	10 05 / 78, 5.	153,400 euros
PR and workshops for *organisations for people with disabilities*	10 05 / 78, 6.	236,700 euros
Ongoing matters / Co-ordination *of foreign nationals*	10 05 / 79, 684 79-7	2,088,300 euros
Saarland (for 2002)		
Grants to associations and *clubs* recognised as eligible for funding to carry out their core management functions	07 08 – 684 02 261	378,400 euros
Saxony (for 2002)		
Youth work and youth association work by supra-local and local organisations – grants to independent org.	08 04 / 70, 684 70	8,104,000 euros

However, attempting to compile a comprehensive overview of state grants for the association work of independent organisations and to break these down by organisation would now constitute a separate and time-consuming research project in its own right. As this would only be possible in an illustrative manner within this framework, it will be omitted entirely. However, to give an idea of the scale involved, the federal grants – comprising both those under Chapter II.3.1. *Federal grants* (18.5 million euros) and the aforementioned federal grants for the work of associations (around 25 million euros) – total 43.5 million euros. The state grants – comprising both those under Chapter II.3.2. State *grants* (€45 million) and the aforementioned sample (€25 million) – already total €70 million; and including the aforementioned grants from districts and towns (around €11.5 million), the quantified grants for all associations – including those outside the BAGFW – already amount to €125 million.

Church funding of charitable association work

In the 'top-level' church budget plans, expenditure is normally broken down into: Diocesan administration (regional church office) / General pastoral care / Special pastoral care and special church services / Schools, education / Social services / Overarching tasks / Finance and provision.

For our purposes, the *'Social Services'* section is of particular relevance, as it records the expenditure allocated (in the following example from the Diocese of Eichstätt) for Caritas purposes:

Overview 145: Section 4 'Social Services' of the Diocese of Eichstätt, 2003

Area	*Euro*	*as a %*
1. Social services organisations (staff and operating costs Diocesan Caritas Association with branch offices and field offices, including district Caritas offices, the Malteser Hilfsdienst and the Catholic Women's Social Service)	5,085,393.00	*40.6%*
2. Nurseries and after-school care centres (grants towards staff) Grants for construction and renovation work	2,999,312.50	*23.9 %*
3. Residential homes and charitable institutions (grants for construction renovation work on care homes for the elderly, residential homes, expenditure on student halls of residence, Canisiuskonvikt)	1,395,509.00	*11.1 %*
4. Housing	10,000.00	*0.1 %*
5. Other social services (unemployment fund, Aid for Africa, Latin America, Eastern Europe, marriage, family and life counselling)	3,048,150.00	*24.3 %*
Total:	*12,538,364.50*	*100%*

Source: 2003 budget of the Diocese of Eichstätt.

The result is quite surprising. 40.6 per cent of expenditure on 'Social services' actually consist of expenditure on the organisation's administrative work and a further 24 per cent in grants for (repayable) building and renovation works. In other words, around two-thirds of expenditure is not intended for direct charitable work for local people at all but is spent predominantly on the organisation's structures. Or to put it another way: of the 12.5 million euros spent on social services – which, at first glance, accounts for no less than 13.9 per cent of the total budget – only around 3.6 million (= 4 per cent) is actually allocated to Caritas – and this does not yet take into account the extent to which these expenditure items are offset by earmarked income, meaning that the expenditure is partly financed by non-church grants or refinancing.

As many dioceses – just like the regional churches – find it difficult to make detailed figures on their budgets directly accessible, an extrapolation should at least indicate an order of magnitude.

The Diocese of Eichstätt accounted for 1.66 per cent of all Catholics in Germany and 1.74 per cent of church tax revenue in 2003. If one takes the average figure of 1.70 per cent as a benchmark for the €5.09 million in association grants received by the Diocese of Eichstätt, this yields a total of approximately €299 million in Catholic Church grants for the association work of its charitable organisations. However, a look at other budget plans suggests that this estimate is significantly too high. If one considers the ratio of association grants to childcare centres, it becomes apparent, for example, that in the dioceses of Speyer and Trier, the association grants are significantly lower than those for childcare centres. The 2004 budget of the Diocese of Speyer allocates 21.2 million for the DiCV and 24.6 million euros for childcare centres. Based on this ratio, the churches pay 15 per cent less for the association's work carried out by their charitable organisations than for their childcare centres. In total, therefore, a figure of around 300 million euros is likely to apply to *both* associations, which would cover around one third of the 865 million in staff costs. This is an unusually high subsidy by church standards. However, particularly in this area, the question of whether association posts are assigned to the charitable organisations or to the churches themselves as legal entities is likely to vary considerably; consequently, the 'lack of clarity' will come into play here once again, in that posts that are actually church-run are classified as charitable, as this makes it easier for their activities to receive state or public subsidies.

As examples of how association work is financed, let us now consider the budgets of the two 'head offices': the main office of the Diakonisches Werk in Stuttgart (which, although it did not make any figures available to the public in 2004, did so officially for 1983 and 1984) and the head office of the German Caritas Association.

What both overviews have in common is their structure. Both 'head offices' list state and church grants, income from assets, fees and reimbursements, as well as levies. The differences in the various sources of income, however, are more pronounced.

Table 146: Income of the EKD Diakonisches Werk's head office, 1983/1984 (in TDM)

	Diakonisches Werk				*Ecumenical Diakonia*		*Total*	
Income (TDM)	*1983*	*%*	*1984*	*%*	*1983*	*1984*	*1983*	*1984*
Income from assets	1,190	*6.3*	1,179	*5.8*	3,262	3,369	4,452	4,548
Fees, reimbursements	1,235	*6.5*	2,030	*10.0*	-	-	1,235	2,030
Sales of promotional materials	-		-	-	819	1,015	819	1,015
Other (contributions from regional associations)	1,430	*7.6*	1,442	*7.1*	-	-	1,430	1,442
Federal Republic of Germany Contributions from the EKD	6,953	*36.8*	7,377	*36.3*	-	-	6,953	7,377
– General administration	8,106	*42.9*	8,320	*40.9*	-	-		
– Advertising 'Brot für die Welt'	-	-	-		1,707	1,707	11,221	11,389
– KED project management	-	-	-		1,408	1,362		
Grant from head office	-	-	-		377	587	377	587
Sub-total	18,914	*100*	20,348	*100*	7,573	8,040	26,487	28,388
Internal allocation	-	-	-	-	377	587	377	587
Total	*18,914*	*100*	*20,348*	*100*	*7,196*	*7,453*	*26,110*	*27,801*

Source: Federal Association of Independent Welfare Organisations (ed.): The Umbrella Organisations of Independent Welfare Organisations – Tasks and Funding, 1985, p. 57ff.

The main source of income for the central office of the Diakonisches Werk in 1983/1984 was the grant from the EKD – although the EKD merely passed on the contributions from the regional churches – which accounted for a good two-fifths (42.9 per cent and 40.9 per cent respectively). A further just under two-fifths (36.8 per cent and 36.3 per cent respectively) came from state funding provided by the Federal Government.

The financial basis of the Diakonisches Werk's head office rests largely (79.7 per cent and 77.2 per cent respectively) on these two pillars of church and state funding. The remaining items, such as contributions from the regional associations (7.6 per cent and 7.1 per cent respectively), fees and reimbursements (6.5 per cent and 10.0 per cent respectively) and income from assets, by contrast, remain marginal in comparison.

One point is particularly worth noting here. As the head office's expenditure rises annually (salaries and operating costs), it is revealing to see who is financing this rate of increase. The total of grants from the EKD, the Federal Government and contributions from the regional associations rose from DM 16.489 million in 1983 to DM 17.139 million in 1984, an increase of 3.9 per cent. If we break down these three funding sources individually, the contribution from the regional associations rose by 0.8 per cent, the EKD's grant by 2.6 per cent, and the Federal Government increased its grant by 6.0 per cent.

Table 147: Operating Budget of the Caritasverband e.V. head office, 1999 and 2002 (in TDM)

Income	*1999*	*as a %*	*2002*	*as a %*
Central government grants	8,648	*22%*	6,616	*20.3*
Other grants	2,752	*7 %*	3,758	*11.5%*
Church grants	6,289	*16 %*	4,755	*14.6*
Interest on trust funds	3,538	*9%*	2,124	*6.5%*
Revenue from sales (excluding charity stamps)	1,965	*5 %*	1,719	*5.3%*
Other income	7,075	*18 %*	6,134	*18.8 %*
Contributions from diocesan Caritas associations	1,572	*4 %*	1,524	*4.7*
Income from assets	3,931	*10 %*	1,780	*5.5%*
Donations	3,538	*9%*	4,170	*12.8%*
Total	*39,308*	*100%*	*32,580*	*100%*

Source: 1999: Conversion of the percentage figures for the adjusted operating budget I, in: Press release from the German Caritas Association, October 2000, p. 9;
2002: Data provided by the German Caritas Association, Freiburg.

By comparison (*Table 147*), the sources of income for the Caritas headquarters (1999 / 2002) are considerably more diverse. Federal grants account for 22 / 20.3 per cent of income, followed by income from assets (19 / 12 per cent), which comprises interest on its own assets (10 / 5.5 per cent) and interest on the trust assets from project funds (9 / 6.5 per cent). 'Other income' (from events, fees, etc.) still accounts for 18 / 18.8 per cent, whilst church grants provide 16 / 14.6 per cent of the revenue for the headquarters' operating budget. The strikingly high *income from trust funds* clearly shows that the Caritas headquarters also acts as a 'co-ordinating body' for Caritas International projects.

Table 148: Profit and loss account of the Deutscher Caritasverband e.V., Freiburg im Breisgau – for the years 1997, 1998, 2000, 2001 (in TDM)

	TDM for the years							
A. Income	*1997*	*%*	*1998*	*%*	*2000*	*%*	*2001*	*%*
I. Grants	120,003	*50.4*	129,189	*52.0*	160,354	*53.8*	129,689	*48.3*
- Church grants	15,723	*6.6*	13,378	*5.4*	33,280	*11.2*	22,943	*8.5*
- EU grants	3,327	*1.4*	9,550	*3.8*	4,632	*1.6*	3,548	*1.3*
- Central government grants	83,566	*35.1*	88,122	*35.5*	85,684	*28.7*	80,898	*30.1*
- State grants	221	*0.1*	203	*0.1*	124	-	100	-
- Other grants	17,166	*7.2*	17,935	*7.2*	36,633	*12.3*	22,200	*8.3*
II. Donations, legacies, etc.	52,201	*21.9*	52,423	*21.1*	62,517	*21.0*	64,164	*23.9*
- Corporate advertising	67	-	38	-	31	-	31	-
- Project donations	48,867	*20.5*	49,609	*20.0*	59,417	*19.9*	61,513	*22.9*
- Inheritances, bequests	3,267	*1.4*	2,777	*1.1*	3,069	*1.0*	2,620	*1.0*
III. Membership fees	2,479	*1.0*	2,473	*1.0*	2,994	*1.0*	3,080	*1.1*
- Contributions from diocesan associations	2,367	*1.0*	2,367	*1.0*	2,897	*1.0*	2,981	*1.1*
- Parent company contributions	112	-	106	-	97	-	100	-
IV. Income from assets	26,733	*11.2*	24,677	*9.9*	24,526	*8.2*	24,346	*9.1*
- Interest	19,116	*8.0*	18,157	*7.3*	17,867	*6.0*	17,266	*6.4*
- Investments	2,310	*1.0*	1,090	*0.4*	1,155	*0.4*	1,155	*0.4*
- Rent / Lease payments	5,307	*2.2*	5,430	*2.2*	5,504	*1.8*	5,925	*2.2*
V. Sales, events, etc.	29,688	*12.5*	28,142	*11.3*	27,554	*9.2*	25,874	*9.6*
- Sales of charity stamps	22,064	*9.3*	20,821	*8.4*	18,582	*6.2*	16,544	*6.2*
- Sales of publications, etc.	2,666	*1.1*	2,590	*1.0*	3,576	*1.2*	3,372	*1.3*
- Courses, meals, etc.	4,958	*2.1*	4,731	*1.9*	5,396	*1.8*	5,658	*2.1*
VI. Income from reversals...	6,807	*2.9*	11,485	*4.6*	*20,198*	*6.8*	21,578	*8.0*
- Special items	526	*0.2*	526	*0.2*	554	*0.2*	546	*0.2*
- Reserves	1,265	*0.5*	1,520	*0.6*	566	*0.2*	1,467	*0.5*
- Other funds	2,866	*1.2*	9,330	*3.8*	15,443	*5.2*	16,158	*6.0*
- Provisions	2,149	*0.9*	108	-	3,636	*1.2*	3,408	*1.3*
Total income	*237,910*	*100*	*248,388*	*100*	*298,143*	*100*	*268,731*	*100*
B. Expenses								
I. Staff costs	28,984	*12.2*	32,444	*13.1*	31,973	*10.7*	33,591	*12.4*
II. Other operating expenses	41,348	*17.4*	40,854	*16.4*	51,356	*17.2*	46,448	*17.1*
- Purchasing / Distribution of welfare goods	22,044	*9.3*	20,796	*8.4*	18,118	*6.1*	16,821	*6.2*
III. Interest and similar items	304	*0.1*	348	*0.1*	469	*0.2*	498	*0.2*
IV. Grants to third parties	4,495	*1.9*	4,079	*1.6*	3,850	*1.3*	3,643	*1.3*
V. Project expenditure	152,409	*64.1*	166,201	*66.9*	205,103	*68.8*	181,684	*66.8*
VI. Depreciation	4,146	*1.7*	3,333	*1.3*	3,074	*1.0*	3,561	*1.3*
VII. Transfer to liability items	6,202	*2.6*	1,131	*0.5*	1,674	*0.6*	978	*0.4*
Total expenses	*237,888*	*100*	*248,386*	*100*	*298,042*	*100*	*271,849*	*100*
Net profit for the year	23		2,223		101		./. 3,118	

Sources: (1997/1998): neue caritas spezial 1/99, p. 71; (2000/2001): neue caritas spezial 1/02, p. 59.
Differences in totals due to rounding.

Workshops for people with disabilities

Financial volume	8.2 billion euros

Legal basis

- SGB IX (since 1 July 2001). With the entry into force of Book Nine of the Social Code – Rehabilitation and Participation of People with Disabilities – the previously applicable Act on Severely Disabled Persons was repealed.
- Workshop Ordinance (WVO): Requirements and conditions for recognition as a workshop for people with disabilities.
- Federal Social Assistance Act (BSHG): Funding of integration support. The right of people with disabilities to a place in a sheltered workshop and the funding of this within the workshop's work area. Assistance with living expenses.
- SGB III: Amount of the training allowance paid by the Federal Employment Agency for the duration of vocational training in sheltered workshops.
- SGB V: Provisions governing employees' health insurance.
- SGB VI: Provisions governing employees' pension insurance.
- SGB VII: Accident insurance for employees in a sheltered workshop.
- Workshop Participation Ordinance (WMVO): Provisions governing the election, term of office and duties, as well as the composition, of workshop councils.
- Regulation on the Compensation Levy for Severely Disabled Persons (SchwbAV): Provisions concerning the compensation levy in the event of failure to employ disabled persons and the use of the revenue from this levy.

Funding

Supralocal social welfare authorities (main social welfare offices), federal states (compensation levy for severely disabled persons and grants), Federal Employment Agency, workshops' own revenue.

From the perspective of the participation and rehabilitation of people with severe disabilities, state-recognised *workshops for people with disabilities* constitute a specific sector.

• In *vocational training and employment support centres*, people with disabilities, amongst others, are trained to qualify for full-time employment in the general labour market. Where necessary, subsequent employment is supported by federal integration grants.

• *Integration enterprises* are independent companies and employ between 25 and 50 per cent of severely disabled staff, "whose participation in other forms of employment on the general labour market is unlikely, despite the full utilisation of all support options, due to the nature and severity of their disability or other circumstances"

and the involvement of specialist integration services." (SGB IX, Section 132(1))

Workshops for people with disabilities are:

"Facilities designed to enable people with disabilities to participate in working life [...] and to be integrated into working life. They are intended for those people with disabilities who cannot, are not yet able to, or are not yet able to return to employment on the open labour market due to the nature and severity of their disability,

1. to offer appropriate vocational training and employment with remuneration commensurate with their performance, derived from the results of their work, and
2. enable them to maintain, develop, increase or regain their capacity for work and earning potential, whilst further developing their personality.

It promotes the transition of suitable individuals to the mainstream labour market through appropriate measures. It provides as wide a range as possible of vocational training and employment opportunities, as well as qualified staff and a support service." (SGB IX, Section 136(1))

• *Day centres for adults with intellectual disabilities* (support and care groups) and *employment facilities for people with mental illness and psychological disabilities* provide care for people with disabilities whose disability is so severe or specific that it precludes them from working in a workshop for people with disabilities.

The workshops "are not commercial enterprises, but integration facilities for people with disabilities that require assistance support, supervision, support and care, often throughout their entire working life in the workshop. [...] Nevertheless, work carried out with educational support is not purely occupational therapy. Rather, it is geared towards commercial exploitation, as the workshops produce goods for the market."[348] Workshops for the blind, by contrast, are commercial craft enterprises.

Cooperation between the workshops' sponsoring bodies and the (then) Federal Employment Agency proved challenging.

"The concepts developed over many years of practice [by independent, particularly denominational, organisations] were to be brought into line with the objectives of the state employment service in the 1970s. The conflict was inevitable; it flared up over *the concept of work*.

The independent workshop operators advocate a concept of work based on social rehabilitation and therefore argue for the inclusion of all people with disabilities for whom work has therapeutic value. In contrast, the Federal Agency tends towards a narrower, vocational rehabilitation-based approach, which regards work as a performance measurable against efficiency criteria, which – as stated in Section 12(3) of the Workshops Ordinance under the Severely Disabled Persons Act (SchwbWV) – must yield 'economic work outcomes'.

According to a provision in the 'Order on the Promotion of Work and Vocational Training for People with Disabilities' (A-Reha), which has since been repealed, only those who achieved one-third of the performance capacity of a person without a disability were permitted to be admitted to a workshop. Section 52(3) of the Act on Severely Disabled Persons (SchwbG), which is currently in force, now makes admission conditional only on a 'minimum level of economically viable work performance'."[349]

The workshops are divided into three areas:

- *an initial assessment phase*, in which the suitability of applicants is determined during a sort of probationary period (four weeks to three months);
- *the vocational training section*, in which suitable applicants are 'trained' in accordance with their abilities and aptitudes for subsequent gainful employment; and the
- *work section*, where employees then take up their posts.

A workshop is required to employ at least 120 people with severe disabilities. Of the disabilities among those employed in the workshops (excluding blind people), two-thirds (68.6 per cent) are intellectual disabilities, 12.9 per cent are mental health disabilities and 13.6 per cent are multiple disabilities.

Overview 149:
Proportion of sheltered workshop employees with specific disabilities) (as at 31 December 1999)*

(Type of most severe disability, in per cent)	
intellectual disability	68.6%
psychological disability	12.9%
Sensory disabilities	1.6%
Physical disabilities	3.3%
Multiple disabilities	13.6%
of whom, in the employment sector, have the most severe disabilities (in absolute terms)	10,000

Source: Information from the Federal Association of Workshops for People with Disabilities.
**) The BAG does not organise workshops for blind people, as these primarily manufacture commercial products. This means that the aspect of sensory disabilities (blindness) is under-represented in this overview.*

The areas of work cover the entire spectrum of commercial activities across a wide variety of sectors. Around 70 per cent of total turnover is generated in the area of *contract manufacturing* (ranging from metalworking, assembly and packaging work to industrial manufacturing contracts).[350] *Services* (laundries, gardening and landscaping) account for 15 per cent of total turnover, whilst a further 15 per cent consists of *in-house products* (wooden toys, ceramic goods, textiles, garden furniture, products from organic farming), which are sold in around 280 workshop shops.

These in-house products are *not* sold door-to-door.

The services provided generate a turnover of around 2 billion euros per year.[351] Of the economic profit (which is used to finance materials, machinery investments, vehicles, commercial staff to support production, etc.), 70 per cent must be paid out to employees as wages. The average wage *(Overview 150)* in 2002 amounted to 159.81 euros per month (with a considerable range from 70 to 500 euros), which means that around 412 million euros were paid out to workshop employees.

*Table 150: Trends in wages in sheltered workshops, 1994 to 2002 (in euros) *)*

Year	Germany	Former Federal Territory	'Newly incorporated areas'
1994	115.68	127.76	45.16
1995	117.21	128.27	52.18
1996	121.09	133.33	58.89
1997	125.15	137.48	65.92
1998	129.59	141.50	74.93
1999	133.17	145.01	80.80
2000	136.30	148.07	86.09
2001	148.80	160.70	98.84
2002**)	159.81	170.48	115.84

Source: BMA, Ib – 16881 – 2: Results of the statistics on pension insurance for people with disabilities in sheltered workshops.

**) The averages also include the wages of people with disabilities working in the induction or vocational training sections of sheltered workshops.*

***) From 2002 onwards, Berlin is included as a single figure and is not included in the average for the former Federal Republic and the accession states.*

The approximately 20,000 employees in *the induction programme* and *vocational training sector* (*Overview 151*) receive subsidies from the Federal Employment Agency.

Overview 151: Workshop places at BAG:WfbM member organisations as at 1 January 2001

Induction programmes and vocational training	20,250	*10.2%*
Work area	170,950	*85.8%*
Funding area	8,000	*4.0%*
Total	199,200	*100.0%*

Source: Federal Association of Workshops for People with Disabilities (BAG:WfbM)

Of the payments made by the Federal Employment Agency for 'individual vocational rehabilitation services', totalling 2.79 billion euros (in

2002)[352] these workshop employees received 273.9 million euros.[353] The workshops negotiate cost rates with the main welfare offices (as supra-local social welfare providers) – these rates vary considerably – and these funds are used to finance integration support for employees, specialist staff, social insurance and travel costs for employees: an amount in the region of 3 billion euros (3,039,570,000 euros). [354] In addition, the costs of residential accommodation for workshop employees are also funded.[355] Just over half (55.5 per cent) of those employed in the sector (i.e. 94,000) are accommodated in residential care facilities, which receive an integration allowance of 30,483 euros per recipient per year, amounting to around 2.9 billion euros annually.

In total, the recognised workshops generated and the workshop employees received – or were funded for – around 8.2 billion euros (8,189,900,000 euros) in 2002.

The total number of sheltered workshop employees rose by 36 per cent between the end of 1994 and the end of 2001 (*Table 152*). Whilst there were 158,520 sheltered workshop employees, by the end of 2001 as many as 215,382 people with disabilities were working in a sheltered workshop. A forecast up to the year 2012 predicts that the number of sheltered workshop employees will rise to 254,000 by 2010, before falling again.[356]

Table 152: Number of sheltered workshop employees from 1994 to 2001

Year	People employed in sheltered workshops as at 31 December	Change (absolute)	Percentage change
1994	158,520	-	-
1995	167,732	9,212	*5.8%*
1996	176,504	8,772	*5.2%*
1997	186,264	9,760	*5.5%*
1998	191,961	5,697	*3.1%*
1999	200,280	8,319	*4.3%*
2000	207,254	6,974	*3.5%*
2001	215,382	8,128	*3.9%*

Source: Data reports from the federal states, in: Survey of Current Situations and Needs – Workshops for People with Disabilities – commissioned by the Federal Ministry of Labour and Social Affairs. Compiled by con_sens Hamburg, January 2003, p. 10.

The *Federal Association of Workshops for People with Disabilities* (BAG:WfbM) brings together around 93 per cent of recognised workshop places under its umbrella. Although the Federal Association does not have an overview of the number of workshops or employees within individual provider groups, at least the two largest providers are worth mentioning: the

Diakonisches Werk and the Caritas Association. Figures for a third major provider, the Bundesvereinigung *Lebenshilfe*, could not be ascertained. Within the organisations of the Diakonisches Werk and Caritas (*Overview 153*), there were (in 2001/2002) a total of 86,595 places for people with severe disabilities across 557 recognised workshops 86,595 places for people with severe disabilities, who are looked after by 22,123 full-time staff.

Overview 153: Approved workshops / Employees (2001 / 2002)

	Workshops	*as a percentage*	*Employees*	*Percentage*
Total	665	*100.0%*	215,382	*100.0%*
BAG: WfbM	613	*92.2%*	199,200	*92.5%*
Diakonisches Werk	298	*44.7%*	44,898	*20.8%*
Caritas Association	270	*40.5%*	46,392	*21.5%*
Diakonia and Caritas	568	*85.3%*	91,290	*42.4%*

Sources: Data reports from the federal states; the Federal Association of Workshops for People with Disabilities; statistics on facilities from the Diakonisches Werk (2002) and the German Caritas Association (2001).

Of the 665 workshops, the two denominational associations account for 85 per cent of all facilities; however, of the 215,000 employees, they account for 'only' 42 per cent of those employed there. (No overall figure is available for full-time carers.)

Table 154: Workshops and facilities for adults with disabilities / Places provided by the Diakonisches Werk / Caritas

	Diakonisches Werk				*Staff*			
Facility	*1998*	*2000*	*2002*	*98–02*	*1998*	*2000*	*2002*	*98–02*
Workshops	282	233	298	*+ 6 %*	47,902	39,317	44,898	*- 6%*
Employment centres	44	46	57	*+ 30%*	2,336	2,557	3,584	*+ 53%*
Care groups	41	16	23	*- 44%*	1,155	464	689	*- 40 %*
Other businesses	7	9	9	-	1,430	1,550	433	*- 70 %*
Funding bodies	12	12	32	*+ 167%t*	644	706	972	*+ 51%*
Other day centres	11	11	20	*+ 82%*	332	258	339	*+ 2 %*
Total Diakonia	*397*	*327*	*439*	*+ 11%*	*53,799*	*44,852*	*50,915*	*- 5 %*
	Caritas Association				*Staff*			
Organisation	*1999*	*2001*	*2003*	*99–03*	*1999*	*2001*	*2003*	*99–03*
Workshops	185	270	259	*+ 40 %*	33,025	46,392	41,697	*+ 26%*
Funding bodies	-	18	31	*+72 %*	-	601	1,582	*+163%*
Day centres	51	73	86	*+ 69 %*	1,185	1,368	1,657	*+ 40%*
Total Caritas	*236*	*361*	*376*	*+ 59%*	*34,210*	*48,361*	*44,936*	*+ 31%*

Source: DCV and DW establishment statistics for the relevant years.

Whilst all recognised sheltered workshops employ an average of 323 people with severe disabilities, the figures for the Diakonisches Werk's facilities are 151 and for Caritas 172. As the number of workshop employees is the decisive factor for 'market share', Caritas and the Diakonisches Werk have a market share of 42.4 per cent.

It is noteworthy that the share held by the Diakonisches Werk – which is more clearly positioned in the field of disability support than Caritas – fell between 1998 and 2002 – having already 'plummeted' by 17 per cent in the interim (in 2000) – whilst Caritas increased the number of its workshops and workshop employees between 1999 and 2003, as well as its other services supporting adults with disabilities.

Compensation levy

Companies (including public authorities and administrative bodies) with more than 20 jobs are legally obliged to fill 5 per cent of their posts with people with severe disabilities. If they fail to do so, they must pay a monthly compensation levy. Companies that, in breach of their obligations, fill none or fewer than 2 per cent of their posts with people with severe disabilities pay 260 euros. Where the employment rate is between 2 per cent and less than 3 per cent, a monthly compensation levy of 180 euros is charged; where the rate is between 3 per cent and less than 5 per cent, the levy is 105 euros per month. The total revenue across all federal states in 2002 (for the 2001 tax year) amounted to 588 million euros (587,652,498 euros).[357]

Of this revenue, 30 per cent is transferred to a federal compensation fund (26 per cent goes to the Federal Employment Agency) and 70 per cent remains with the integration offices of the federal states.

Support measures for sheltered workshops

To give sheltered workshops a better chance of competing, regulations have been introduced in their favour:

- Companies that award contracts to a sheltered workshop may offset 50 per cent of the invoice amount attributable to the workshop's labour against the amount of the compensation levy they are required to pay.
- When the public sector awards contracts, priority must be given to sheltered workshops, whereby their tender may be up to 15 per cent higher than the most economically advantageous tender from a competitor.
- The workshops charge only the reduced VAT rate for their services.

- The main turnover of the workshops, namely the remuneration for their integration services (public sector cost rates), is exempt from VAT.

Investments

"As both the employment services and social welfare are funding bodies for day-to-day operations, in principle both are obliged to support the construction. In addition, the federal states and the federal government contribute to the construction costs of workshops for people with disabilities. The operating organisations are left to cover a share of around 20 per cent."[358]

Between 1990 and early 2001, 32,000 workshop places were created using federal funding totalling around 720 million euros. If one applies this investment grant per workshop place (around 22,400 euros) to the (in 2001) based on 199,200 workshop places in the employment sector, the replacement value of the federal subsidies for these workshop places amounts to around 4.46 billion euros.

For 2002, the then Federal Employment Agency approved loans totalling 18.34 million euros as 'institutional support'.[359] As these funds account for 10 per cent of the financing, this resulted in an investment volume of 183 million euros.

Specific features of the sector

Under the 'Act on the Promotion of Training and Employment of People with Severe Disabilities' (2004), structural responsibility was transferred from the Federal Employment Agency to the integration offices, and provision was made for the expansion of the specialist integration services (IFD). In future, the specialist integration services will be the central point of contact for employers.

One notable aspect of this is that some of the (state-run) specialist integration services are directly managed by the Caritas Association, the Diakonisches Werk, the German Red Cross and the Lebenshilfe Association. These independent organisations are funded (in 2002) by the integration offices to the tune of 40.68 million euros.[360]

V. Overall assessment of DCV / DW

V.1. Key areas of activity

A summary analysis of the residential facilities run by the Caritas Association and the Diakonisches Werk (*Table 155*) illustrates, on the one hand, that none of the areas of activity is free from competition with the others, i.e. both organisations operate nationwide.

Table 155: DCV and DW – facilities / places / staff by sector

Type of facility	*Number*	*Places / Beds Total / as a %*		*Staff*	*% of the sector*	*% of association*
			Healthcare:			
Caritas Association	*668*	*126,974*	*64.1*	*191,416*	*62.2*	48.8%
Diakonisches Werk	*369*	*71,063*	*35.9*	*116,559*	*37.8*	35.6%
Total	1,037	198,037	*100.0*	307,975	*100.0*	*42.8%*
			Youth welfare:			
Caritas Association	*810*	*44,517*	*54.4*	*17,687*	*46.8*	4.5%
Diakonisches Werk	*979*	*37,387*	*45.6*	*20,085*	*53.2*	6.1%
Total	1,789	81,904	*100.0*	37,772	*100.0*	*5.3%*
			Family support:			
Caritas Association	*244*	*10,422*	*37.6*	*2,751*	*47.3*	0.7%
Diakonisches Werk	*317*	*17,263*	*62.4*	*3,070*	*52.7*	0.9%
Total	561	27,685	*100.0*	5,821	*100.0*	*0.8%*
			Care for the elderly:			
Caritas Association	*1,812*	*119,488*	*44.5*	*75,566*	*48.2*	19.3 %
Diakonisches Werk	*2,049*	*149,279*	*55.5*	*81,180*	*51.8*	24.8%
Total	3,861	268,767	*100.0*	156,746	*100.0*	*21.8%*
			People with disabilities:			
Caritas Association	*724*	*38,590*	*38.2*	*27,753*	*40.5*	7.1%
Diakonisches Werk	*1,097*	*62,384*	*61.8*	*40,795*	*59.5*	12.4%
Total	1,821	100,974	*100.0*	68,548	*100.0*	*9.6%*
			Other social assistance:			
Caritas Association	*560*	*33,463*	*57.2*	*2,495*	*37.1*	0.6%
Diakonisches Werk	*603*	*25,014*	*42.8*	*4,228*	*62.9*	1.3%
Total	1,163	58,477	*100.0*	6,723	*100.0*	*0.9%*
			Childcare centres:			
Caritas Association	9,685	688,181	*56.0*	74,395	*54.6*	19.0 %
Diakonisches Werk	8,953	540,837	*44.0*	61,893	*45.4*	18.9%
Total	18,638	1,229,018	*100.0*	136,288	*100.0*	*18.9%*
			Total:			
Caritas Association	14,503	1,063,500	*54.1*	391,963	*54.5*	*100.0%*
Diakonisches Werk	14,367	903,767	*45.9*	327,810	*45.5*	*100.0%*
Totals	28,870	1,967,267	*100.0*	719,773	*100.0*	*100.0%*

On the other hand, however, three differences are very clear.

1. In the sector of denominational *healthcare*, there are 1,037 inpatient facilities. The breakdown of around two-thirds Caritas and one-third Diakonia also holds true for *general hospitals*. (cf. p. 197ff.)

Caritas operates 383 *general hospitals* with around 105,000 beds, whilst the members of the Diakonisches Werk operate only 203 hospitals with 53,000 beds. This means that, of the 586 denominational general hospitals, two-thirds are run by Catholic organisations (65.4 per cent) and only one-third (34.6 per cent) belong to a Protestant organisation within the Diakonisches Werk. This difference is just as clear in terms of the number of beds (66.5 per cent to 33.5 per cent). General hospitals, however, are the 'first port of call' for everyone in the population, and in terms of the combined package offered there – medical care *and* religious services, i.e. overt or covert proselytising – the Caritas Association – and thus the Roman Catholic Church in Germany – has positioned itself considerably better in the market than the Protestant Church.

If we take the general figures (for 1997) as a basis, which show that hospital beds are utilised at 80.6 per cent[361] and the average length of stay is 12.5 days,[362] then Catholic general hospitals were able to treat 2.5 million patients,[363] whilst Protestant hospitals treated 1.25 million patients. If one compares this figure for contacts and experiences with religious organisations with the *level of awareness of charitable organisations*, it is not surprising that (in an 'unprompted' survey, i.e. no organisations were mentioned beforehand[364]) 54 per cent named the *German Red Cross*, followed (in second place) by *Caritas* (with 30 per cent), and only after mentions of *Arbeiterwohlfahrt*, *UNICEF*, *SOS Children's Villages*, *Johanniter Unfallhilfe* and *Brot für die Welt* did the *Diakonisches Werk* follow with 8 per cent; together with the occasionally mentioned *Innere Mission*, this totalled 9 per cent. This result confirms a 1992 survey in which respondents were asked about their *willingness to donate to a charitable organisation*; 25 per cent of those surveyed named *Caritas* as the beneficiary, but only 6 per cent were willing to donate to the *Diakonisches Werk*.

In an overview of donation income (for 2002), the *Caritas Association* (including *Caritas International*) ranks third after the *German Red Cross* and *SOS Children's Villages,* with around 75 million euros in donations, and, together with the other Catholic organisations, features among the top 23 (Adveniat, Misereor, Pontifical Children's Mission, Bonifatiuswerk), a total of 248,496,030 euros in donations was raised.

The *Diakonisches Werk* itself does not appear at all amongst the frontrunners as an organisation, and the Protestant organisations mentioned (*Johanniter Unfallhilfe, Brot für die Welt, Christoffel Blindenmission* and the *Bodelschwinghschen Anstalten in Bethel*) together raised 'only' 177,890,181 euros in donations.

2. As regards *day-care centres for children*, the differences are not quite so stark but are still significant. Whilst Caritas and Diakonia do not differ greatly in the number of centres (9,685 compared with 8,953, a ratio of 52 to 48), yet in terms of the number of places (688,181 compared with 540,837) – with an equal number of members of both 'mother churches' – 147,000 more children are learning to live with a 'Catholic God'. It is very clear that here too the Catholic Church has – in the truest sense of the word – positioned itself 'fundamentally' better.

3. The Diakonisches Werk, by contrast, has been comparatively much more actively involved in the field of *support for people with disabilities* than Caritas – yet, with all due respect – one might lament the fact that, whilst support for people with disabilities is held in high regard, it is nevertheless not a flagship cause for promoting personal engagement amongst the general public and recognition of the organisations working on behalf of these people.

Digression XIII: From the Samaritan to social enterprise?

The description of the individual fields of activity should now be supplemented by an examination of the structure of many denominational organisations in Germany.

The social activities of the two churches are steeped in the traditions of helping others: those familiar with the Christian Bible will know the story of the Good Samaritan, who selflessly tends to a man who has been attacked, takes him to an inn and pays for his stay there out of his own pocket until he recovers. A variation on this is Saint Martin, quite apart from Saint Christopher, who, as the ever-present protector of Christian travellers, adorns many rear-view mirrors of German cars as an amulet. These images of individual helpers are still readily circulated today – most often featuring a busy, ever-friendly young nun in picturesque traditional dress – to illustrate the work of the Church in the social and healthcare sectors.

Even though we have largely become accustomed to the fact that advertising and reality are two spheres that merely claim to have something

to do with one another – for denominational charities, this contradiction is part of everyday life: the image of the individual helper (whom Christians are supposed to take as a role model) and large organisations operating on strictly commercial terms.

In this respect, Caritas is the 'more modern' organisation, in that it makes more comprehensive and efficient use of the legal options available than the Diakonia. Whilst Diakonia is still typically organised, alongside foundations, as a privately organised registered association (e. V.) – which is then (all too often) headed by a pastor in a 'lord-of-the-manor' style – at Caritas, the non-profit limited liability company (gGmbH), with an economist as managing director, has established itself as the standard corporate form.

The gGmbH has, amongst other things, two distinctive features. On the one hand, it enables the political, financial, tax and liability separation between a (wealthy) sponsoring body – e.g. a religious order – and a (less well-off) operator – namely the gGmbH itself, which possesses only what it currently generates. Secondly, however, it also makes economic links and interdependencies more transparent than an association does – through the publicly accessible distribution of shares. This will be illustrated using the institutions of the DiCV Würzburg and the Liebenau Foundation as examples.

The structure of the Diocesan Caritas Association in Würzburg

The Diocesan Caritas Associations in Germany have consolidated the large number of facilities assigned to them into a manageable number of non-profit limited liability companies (GmbHs). The DiCV Würzburg is a typical example of this.

Träger GmbH	*Facilities*	*Shares*
Caritas – Don Bosco Werk gGmbH		50% German Province of the Salesians of Munich
	- Vocational Training Centre	50% DiCV Würzburg
	- Training Hotel	
Caritas Institutions gGmbH		75% Diocese of Würzburg
	- 7 care homes	25% DiCV Würzburg
	- 3 senior citizens' centres	
	- Bad Bocklet Health Resort	
Caritas Schools gGmbH		100% DiCV Würzburg
	- 10 special needs schools and pre-school programmes	
Christliches Bildungswerk Bad Neustadt gGmbH		100% DiCV Würzburg
	- Integration of resettled farmers	
Christophorus Society gGmbH [365]		49% Diakonisches Service, Würzburg
	- Railway Station Mission	

- Short-term overnight shelter	20.5% DiCV Würzburg
- Debt counselling centres	20.5% OCV / KCV
- Warming centre	10% St. Johannes
- Central Advice Centre	10% Stift Haug
Erthal Social Welfare Organisation, Charitable and Social-Psychiatric Facilities and Services gGmbH, Würzburg	45% St. Josef's Foundation
- Social-psychiatric services	40% Die Brücke e.V.
- Gallery Café	15% DiCV
- Residential home / Shared accommodation	
- Workshop for people with disabilities	
- Horizont Day Centre	
- Bicycle repair workshop	
Vinzenz Werkstätten gGmbH	100% DiCV Würzburg
- Electrical recycling, assembly	
Vinzenz Werkstätten GmbH	100% Caritas Einrich-
- Building cleaning, gardening and gGmbH Landscaping, services	Facilities
Vinzenz Printing and Joinery GmbH	75% Bishop's See
- Printing works	25% DiCV Würzburg
- Joinery	

This structure is characterised by the consolidation and allocation of individual institutions into limited liability company (GmbH) groups, within which collaboration also takes place with other legal entities, thereby enabling the profits and losses of the institutions to be pooled and balanced through cross-subsidisation. The DiCV itself is now the sole operator of just nine (instead of the previous thirty) institutions, which focus primarily on training and securing the next generation of talent.

Organisation / Partnerships of the Liebenau Foundation

The Liebenau Foundation has structured its activities as a holding company, with operations divided between subsidiaries – for which it is the sole sponsor – and associated companies. In addition, it receives endowments and acts as a trustee. As the Foundation conducts exemplary public relations work, its financial links are set out in greater detail below.

The wholly-owned subsidiaries are:

- *St. Lukas Klinik gGmbH* (medical care for people with physical and mental illnesses, as well as those with intellectual and multiple disabilities)
- *Berufsbildungswerk Adolf Aich gGmbH* (remedial courses, training and qualifications, vocational school, boarding school / residential homes)
- *Liebenau Service GmbH – LiSe GmbH* (facility for people with disabilities: party and event services, bakery, communal catering)

- *St. Anna Hilfe für ältere Menschen Deutschland gGmbH* (housing and services, outreach services, hospice, etc.)
- *Outreach Services – St. Anna Hilfe gGmbH* (social care centres, meals on wheels, home emergency call system)
- *St. Gallus-Hilfe für behinderte Menschen gGmbH* (supported living, family care, Don Bosco School, workshop for people with disabilities, early intervention and counselling centre)

Another subsidiary is:

- *St. Anna-Hilfe Österreich gGmbH* – which operates care homes and social centres in Upper Austria and Vorarlberg – has another 'sister' organisation at its side, *St. Anna Sozialzentren gGmbH Baugesellschaft Österreich*, which is responsible for the construction and leasing of care homes for the elderly and social centres to *St. Anna Hilfe gGmbH*. Together with *Caritas Vienna*, *St. Anna-Hilfe gGmbH* has a joint subsidiary (50:50), *CaSa Leben im Alter gGmbH*, which is tasked with establishing new care homes or taking over existing facilities within the Archdiocese of Vienna. Another subsidiary, *Anna-Sodexho Service gGmbH*, in which *St. Anna-Hilfe gGmbH* holds a 75 per cent stake, is responsible for catering services in the care homes.

The Liebenau Foundation's associated companies are:

- *Caritas Sozialwerk im Bistum Dresden-Meißen e.V.* (50 per cent) – together with the Caritas Association for the Diocese of Dresden-Meissen e.V., the St. Josef Foundation e.V. from Eisingen, Stift Tilbeck from Havixbeck and the St. Josef Congregation from Ursberg – as the operating body for residential homes, workshops, a special needs school and a hostel.
- *Bulgarian-German Social Welfare Organisation e.V.* – together with the St. Franziskus Foundation from Heiligenbronn and the Metropolis of Varna and Veliki Preslac in Varna.
- *Salvator Altenhilfe gGmbH* in Bad Wurzach (50 per cent) in partnership with the South German Province of the Salvatorians. The gGmbH comprises the Schloss Bad Wurzach care hotel, the 'Stift zum Heiligen Geist' care home for the elderly and the 'Lebensräume für Jung und Alt' residential complex.
- *Franz von Assisi gGmbH* in Schwäbisch Gmünd (20 per cent) with two subsidiaries: *St. Canisius gGmbH* in the Ostalbkreis (school and children's and youth facilities) and *St. Josef gGmbH* in Stuttgart (St. Josef Children's Centre).

- *Institut für Soziale Berufe gGmbH* in Ravensburg (25 per cent) – in partnership with the St. Elisabeth Foundation in Bad Waldsee, the Congregation of the Franciscan Sisters of Sießen and the Caritas Association of the Diocese of Rottenburg-Stuttgart – specialist colleges for special needs education, social pedagogy, therapeutic care and care for the elderly.

The Liebenau Foundation received the *St. Antonius care home for the elderly* as an endowment from the Sießen Franciscan Sisters.

As trustee, the foundation took over the *Holy Spirit Hospital Foundation* in Kißlegg, comprising the Urichspark Kißlegg, a foundation church, and agricultural and forestry operations.

As the seller, the Liebenau Foundation sold the *Wangen Specialist Clinics* to the Catholic Waldburg-Zeil Clinics group.

Social groups

The point at which the term 'group' should be applied is a question of scale (involving several thousand employees) and structure (several individual companies or branches operating under a single management).

The following list of denominational organisations (with at least 1,000 employees) is intended to illustrate, by way of example, the extent to which the denominationally run health and social care sector in Germany is characterised by structures that can generally be described as 'mixed groups', i.e. virtually none of these organisations operates in just one field of activity.

This can only be a partial overview, as the interconnections are not very obvious. For example, one apparently small organisation writes: 'Behind St. Vinzenz Krankenhaus gGmbH in Fulda lies a network of high-performing, financially sound and innovative Catholic hospitals in Hesse.' Indeed.

- *Augustinum Foundation (Protestant)*

4,600 staff / Nationwide presence.
The foundation is a shareholder in Augustinum gGmbH: 21 high-end care homes, hospitals, schools and facilities for people with disabilities.

- *Barmherzige Brüder Trier e.V. (Catholic)*

8,000 staff / Rhineland-Palatinate, the Rhineland and at individual locations in other federal states.

The association belongs to *the religious order of the Brothers of Mercy of Maria Hilf*. It operates hospitals and rehabilitation centres. The BBT e.V. directly operates 5 hospitals, 1 partnership and 3 hospitals through associated companies. It also runs several workshops and other social services, as well as a conference and guest house.

- *v. Bodelschwinghsche Anstalten Bethel* (*Ev.*)

12,800 staff / Bielefeld, the Ruhr region, Berlin, Leipzig, Bremen / Total revenue (2002) 746 million euros.
A network comprising three foundations (Bethel Institution, Westphalian Deaconess Institution Sarepta and Westphalian Deacon Institution Nazareth), several limited liability companies (GmbHs) and the Hoffnungstaler Institutions Lobetal. The network includes, amongst other things, a university, schools, diaconal communities, residential and outpatient facilities for people with disabilities, young people and the elderly, psychiatric hospitals (specialising in epilepsy), general hospitals, hospices and a vocational training centre.
Efforts are being made to collaborate with the Johanneswerk e.V.

- *BruderhausDiakonie* Foundation (*Ev.*)

3,400 employees / Baden-Württemberg / Turnover (2003) 160 million euros.
75 facilities / 120 services in the fields of care for the elderly and people with disabilities, youth welfare and social psychiatry.
On 1 January 2004, the *Gustav Werner Foundation* and *Haus am Berg gGmbH* merged to form *BruderhausDiakonie*.

- *Caritas-Trägergesellschaft Saarbrücken – cts* (*Catholic*)

1,400 staff / Saarland, Rhineland-Palatinate.
2 hospitals, 1 rehabilitation clinic, 4 youth welfare facilities, 5 senior citizens' centres / care homes for the elderly, 2 schools, 4 nurseries, 1 hospice.
In December 2002, the *Krankenpflege-Genossenschaft der Schwestern vom Heiligen Geist GmbH* established a new operating organisation, *cts – Schwestern vom Hl. Geist gGmbH*, with *cts* holding the management and 51 per cent of the shares: 584 staff members, 1 hospital, 2 care homes for the elderly, 1 centre for special educational support.

- *Caritas Trägergesellschaft Trier e.V. – ctt (Cath.)* [366]

5,500 staff / Rhineland-Palatinate, North Rhine-Westphalia, Saarland, Hesse.
The organisation comprises: 1 academy, 24 care homes for the elderly and nursing homes, 6 rehabilitation clinics, 5 hospitals, 3 mother-and-child therapy centres and 1 youth welfare facility.

- *Caritas Träger Gesellschaft West gGmbH – ctw* (*Catholic*)

2,500 staff / Düren and Andernach area.
4 hospitals, 1 rehabilitation centre, 1 care home for the elderly, 1 Stiftshospital with a care home for the elderly.

- *Christliches Jugenddorfwerk e.V. – CJD* (*Protestant*)

8,000 staff / Nationwide / Turnover (2003) 474 million euros.
The CJD sees itself as a 'youth, educational and social organisation' which offers training and support in 150 facilities – in vocational preparation programmes, at Christophorus schools, technical and vocational schools, educational centres, workshops, etc.

- *Diakonia-Hilfswerk Schleswig-Holstein (Ev.)*

2,600 staff / Schleswig-Holstein.
27 facilities, including 4 workshops for people with disabilities, 4 training consortia, 4 vocational training centres, 4 sanatoriums / convalescent homes, and several youth welfare facilities.

- *Diakonia Neuendettelsau* (*Protestant*)

5,800 staff / Neuendettelsau and the rest of Bavaria.
Founded as a deaconess institution, Neuendettelsau is a small town in its own right. There and throughout Bavaria, it provides (across around 150 facilities) accommodation, employment and support for people with disabilities, residential and care homes for older people, three hospitals, Diakonia and social welfare centres, as well as 30 general and vocational schools, a student hall of residence and the 'Collegium Oecumenicum Bamberg'.
The organisation is structured as a network comprising: the Diakoniewerk KdöR, three non-profit and two commercial limited liability companies (GmbHs), six foundations and several associations.
Commercial: DiaLog Hotel and conference/guest houses, catering, vestment workshop, communion wafer bakery (1.25 million communion wafers per year), shopping centre. Three craft workshops acting as internal service providers.

- *Diakonia Stetten e.V.* (*Ev.*)

2,400 staff (including community service workers and apprentices) / Baden-Württemberg.
Residential homes, school, workshops for people with intellectual disabilities; open support services with early intervention and family counselling; vocational training centre, integrated workshop, supported living, schools for special needs care and special educational needs. Shareholdings in the Diakonisches Zentrum Sophienhaus Weimar gGmbH and the Kurhaus Bad Boll.

- *Diakonische Werke Himmelsthür in Hildesheim e.V.* (*Ev.*)

1,600 staff / Lower Saxony.

17 facilities providing integration support and rehabilitation for people with disabilities – housing, schools, training, employment, workshops, support services. Klostergut Sorsum. Subsidiaries: Diakonische Wohnheime Hildesheim gGmbH and Gemeinschaftswäscherei Hildesheim gGmbH.

- *Diakoniewerk Kloster Dobbertin gGmbH* [367](*Protestant*)

1,100 staff / Mecklenburg-Western Pomerania.
48 facilities and services at 27 locations, primarily residential homes, training programmes and workshops for people with (intellectual) disabilities and mental health conditions, care for the elderly, and psychosocial support.

- *Dominikus-Ringeisen-Werk Ursberg* (*Catholic*)

2,400 staff / Baden-Württemberg.
Care for adults, young people and children with intellectual disabilities and multiple disabilities in schools, residential homes, workshops and support centres. Vocational training centre.
Since 1996, the DRW has been a church foundation under public law. Until the end of 1995, the *St Joseph Congregation of the Franciscan Sisters of Ursberg* was the governing body of the DRW. The St Joseph Congregation also runs a monastery brewery, a spa and a grammar school.

- *Protestant Deaconess Institute Stuttgart* (*Ev.*)

1,500 staff / Stuttgart, Tübingen.
Diakonia Klinikum Stuttgart, 1 care home for the elderly, 3 nursing and geriatric care training colleges, 3 convalescent homes, mother house.

- *Evangelische Heimstiftung e.V. (Ev.)*

5,000 staff / Stuttgart and Baden-Württemberg.
40 care homes for the elderly and nursing homes, 16 mobile care services, 15 assisted living facilities, 2 vocational colleges for geriatric care, 2 MS residential groups, 3 geriatric rehabilitation clinics, 1 workshop for people with disabilities, 1 specialist gerontopsychiatric facility, 1 psychiatric day clinic, 1 holiday and conference centre.
Subsidiaries: Dr Carl-Möricke-Altenstift GmbH, ABG Altenhilfe Beratungs GmbH (business management, construction planning, purchasing consortium), START gGmbH, Stephanuswerk Isny Work – Rehabilitation – Training, HDG Hauswirtschaftliche DienstleistungsGesellschaft.

- *Evangelische Stiftung Alsterdorf (Ev.)*

3,400 staff / Hamburg.
The centre is the foundation's site (27 ha) in the heart of Hamburg. There are further facilities in the city of Hamburg and the surrounding area.
71 facilities providing support for people with disabilities (residential care, day support, counselling), 1 workshop for people with disabilities,

2 hospitals and 1 therapy centre, 3 nursery schools, the Bugenhagen School, and a college for special needs teachers.

- *Protestant Hephata Foundation* (*Ev.*)

1,500 staff / Mönchengladbach, Rhineland.
Housing, work, education and counselling for people with disabilities: residential homes, sheltered workshops, schools. Vocational college.

- *Volmarstein Protestant Foundation* (*Ev.*)

1,400 staff / Westphalia.
Rehabilitation for people with physical disabilities: orthopaedic clinic, orthopaedic workshops, vocational training centre, vocational college, Oberlin School, workshop for people with disabilities, care homes for the elderly, residential homes for children and young people. Rechenzentrum Volmarstein GmbH.

- *Evangelisches Johanneswerk e.V. (Ev.)*

6,200 staff / North Rhine-Westphalia and Mallorca.
72 facilities providing care for the elderly, support for people with disabilities, educational institutions and hospitals. Open diaconal work and further training centres.
Cooperation (since 2003) with *Diakonia Neuendettelsau* in establishing the non-profit organisation *Social Care Services Europe* (SoCaSe) for German permanent residents in Spain.

- *Evangelisches Johannesstift Berlin (Protestant*)

1,400 staff members / Berlin and Brandenburg.
Spanning an area of 75 ha, there are over 70 buildings – a village with a church, hairdresser, shop, bookshop, tradespeople, hotel, flats, schools… 70 facilities covering all aspects of youth welfare, support for people with disabilities and care for the elderly. Four vocational colleges and the Wichernkolleg for the training of deacons. A market garden and a removal firm.

- *Evangelisches Perthes-Werk e.V. (Ev.)*

3,700 staff / Westphalia.
70 facilities and 7 affiliated limited liability companies (GmbHs); 40 facilities providing care for the elderly, 13 for people with disabilities, sheltered workshops, 12 facilities for people facing social difficulties, 2 facilities for addiction support and reintegration. 1 funeral parlour.

- *Evangelische Stadtmission Heidelberg e.V.* (*Ev.*)

1,300 staff / Heidelberg and the surrounding area.
1 hospital, 6 care homes / sheltered accommodation, advice centres and a specialist clinic for people with addictions, support for vulnerable people and those on the move, a railway station mission, and vocational colleges for care of the elderly and nursing.

- *Non-profit Society of the Franciscan Sisters of Olpe GmbH* (*Cath.*)

2,100 staff / North Rhine-Westphalia, Rhineland-Palatinate.
The organisation is sponsored by the religious community of the Franciscan Sisters of Perpetual Adoration in Olpe, which established the Maria Theresia Bonzel Foundation (named after the order's founder) as the new sponsoring body in 1995.
25 facilities: 6 hospitals, 4 care homes for the elderly, 7 residential homes for older people or people with disabilities, 2 social care centres, 1 residential care home for children and young people, 1 mother-and-child centre, 1 nursery school, 1 grammar school, 1 children's hospice, 1 youth and family service.

- *Johannes Senior Services e.V.* (*Ev.*)

2,200 staff / seven federal states / Head office: Bonn.
27 residential and nursing homes for the elderly, retirement homes, 1 clinic. The cooperation partner is *WDS (Wirtschaftsdienste für Sozialeinrichtungen) Zentral GmbH*, Bonn.

- *Johannes-Anstalten Mosbach* (*Ev.*)

2,400 staff / Baden.
Rehabilitation centres for children, young people and adults with intellectual and multiple disabilities. 13 locations. Residential and care homes, workshops for people with disabilities, special nursery schools, special schools, vocational training centres, neuropsychiatric clinic, rehabilitation centres, college of social pedagogy, holiday homes.

- *Order of St John (Protestant)*

16,700 staff (including 2,200 people performing community service) / nationwide.
Subdivided into *Johanniter GmbH* (for all residential facilities): 10 hospital trusts with 15 hospitals, 46 care homes for the elderly, 6 day clinics, 8 residential homes, and *Johanniter-Unfall-Hilfe*: first aid, medical and ambulance services, 100 social service centres, meals on wheels, 150 childcare centres, and much more. Two service companies (SCK GmbH & Johanniter Competence Centre for Information Technology and the Einkaufsgesellschaft GmbH).

- *Josefs-Gesellschaft e.V. (Josefs Group) (Catholic)*

3,400 staff / Focus on North Rhine-Westphalia, four other federal states.
Facilities and services for the rehabilitation of people with physical and multiple disabilities, including 3 hospitals, 1 care home for the elderly, 6 schools, 3 vocational training centres, 2 vocational support centres, 7 workshops for people with disabilities, 6 children's homes, 9 residential homes for adults, and 1 driving school.

- *Kaiserswerther Diakonia (Ev.)*

2,000 staff / North Rhine-Westphalia.
Florence Nightingale Hospital with 11 specialist clinics, care homes for the elderly, after-work centres, child and youth welfare services, and support for people with disabilities. Extensive training and further education facilities. Workshop for textile objects and liturgical vestments, bookshop, hotel and conference centre.

- *Catholic Youth Welfare Service of the Diocese of Augsburg e.V.*

2,800 staff / Diocese of Augsburg and Allgäu.
11 special educational day centres, 7 specialist social education services, 5 clinics, children's centres, residential homes, support organisations, academy.

- *Catholic Charitable Institution* (*Cath.*)

4,500 staff / Northern and Eastern Germany.
The KWA Foundation is sponsored by the *Congregation of the Sisters of St Elizabeth*. 8 hospitals (Halle, Berlin, Reinbek, Dresden, Lahnstein, Magdeburg, Kiel, Eutin), 4 convalescent homes, care homes. Holdings in the *Krankenhaus-Service Gesellschaft KSG* (Reinbek), *Klinik-Service Dresden GmbH (KSD)* and *Pro care Service GmbH* (Rheine).

- *Congregation of the Sisters of Charity of St Vincent de Paul, Munich (Catholic)*

1,500 staff (of whom 360 are commercial staff) / Bavaria.
6 care homes for the elderly and nursing homes, 2 hospitals, 1 clinic, training and further education. Commercial operations: Adelholzener Alpenquellen, three agricultural estates for self-sufficiency (dairy farming, butchery).

- *Kreuznach Diakonia* (*Protestant*)

4,000 staff / Rhineland-Palatinate, Saarland.
Initiated by the Second Rhenish Deaconess Motherhouse, the Kreuznacher Diakonia operates, amongst other things, 3 hospitals / clinics, several special educational institutions, 5 workshops for people with disabilities, integration centres, 3 retirement and care homes, 2 hospices, 1 academy, 1 deacon school and 2 vocational colleges.

- *State Committee for the Inner Mission – LAFIM* (*Ev.*)

1,200 staff / Brandenburg.
42 facilities, including 9 care homes for the elderly, 17 senior citizens' centres, 4 workshops for people with disabilities, 6 residential homes / supported living schemes, 2 Diakonia social services centres, 1 nursery, 1 hotel.

- *Order of Malta* (*Catholic*)

13,000 staff (including 1,400 people performing community service) / nationwide.Subdivided into the *Malteser-Hilfsdienst e.V.* (founded in 1953 by the Order of Malta and Caritas), which is responsible for first aid, medical services, youth work and overseas missions, and the *Deutsche Malteser gGmbH*, which operates the social enterprise services within the *Malteser Hilfsdienst gGmbH* (ambulance service, repatriation and transport services, first-aid training), the *Malteser Werke gGmbH* (support facilities for asylum-seekers, children's and youth centres, drug support and natural family planning) and the *MTG – Malteser Trägergesellschaft* as the operating body for 11 hospitals, 1 specialist clinic, 17 care homes for the elderly and retirement homes, 3 hospices, 9 outpatient care services, 1 academy, 1 spiritual centre and *MC – MaltaControlling GmbH*.

- *Maria Hilf GmbH* (*Catholic*)

4,000 employees / Rhineland-Palatinate, Hesse, North Rhine-Westphalia.

The majority shareholder is the *Religious Order of the Poor Handmaids of Jesus Christ in Dernbach* (Dernbach Sisters).

6 hospitals, 11 care homes for the elderly, 1 child and youth welfare service, 4 facilities for people with disabilities, 2 educational centres, 9 schools (grammar schools, vocational schools).

Maria Hilf GmbH is part of *the St. Elisabeth Foundation*, which was established in 1993 by the Franciscan Sisters of Waldbreitbach (Marienhaus GmbH) and the *Congregation of the Poor Handmaids of Jesus Christ from Dernbach* (Maria Hilf GmbH).

- *Marienhaus GmbH Waldbreitbach (Catholic)*

11,000 staff / North Rhine-Westphalia, Hesse, Rhineland-Palatinate, Saarland.

The shareholders are the Franciscan Sisters of Waldbreitbach.

22 hospitals, 17 care homes for the elderly, 2 child and youth welfare facilities, 7 hospices, the Edith Stein Academy, GaP GmbH (Gesellschaft für ambulante Pflegedienste mbH), hsp GmbH (health solution provider), Loreley Mobil (Loreley Outpatient Care Service), Marienhaus Klinikum Reha Rhein-Wied, TansCare Service GmbH.

Marienhaus GmbH is part of *the St. Elisabeth Foundation*, which was established in 1993 by the Franciscan Sisters of Waldbreitbach (Marienhaus GmbH) and the *Congregation of the Poor Handmaids of Jesus Christ from Dernbach* (Maria Hilf GmbH).

- *North German Society for Diakonia e.V. (Ev.)*

1,000 staff / Schleswig-Holstein.

14 facilities with 50 branch centres. 3 workshops for people with disabilities, residential homes for the elderly, residential care homes, vocational preparation and training for disadvantaged young people, and a convalescent home.

Together with the Evangelische Darlehnsgenossenschaft Kiel (EDG), a shareholder in the *Es Castellot* retirement home in Mallorca.

- *Regens-Wagner Foundations* (*Catholic*)

3,600 staff / 13 locations in Bavaria.
A network of eight independent church foundations under public law in Bavaria, active in the field of support for people with disabilities. Supported housing, sheltered workshops, special schools.

- *Rummelsberger Anstalten der Inneren Mission e.V.* (*Protestant*)

5,300 staff / Bavaria (Rummelsberg: 200 ha with 90 buildings) /
Total assets (2003) 433 million euros.
Community of Deacons within the Protestant Lutheran Church in Bavaria. More than 100 facilities at 24 locations in Bavaria: hospitals, facilities providing support for young people, people with disabilities and the elderly. Commercial enterprises (RSG – Rummelsberger Service Gesellschaften): textile services, gourmet service, orthopaedic workshops. Market garden, joinery, painting and metalwork, bakery. Conference centre, leisure centre.
From 1 January 2005, a new corporate structure was introduced: *Rummelsberger Services for People gGmbH* (parent company), *Rummelsberger Services for Older People gGmbH* (RDA), *Rummelsberger Services for Young People gGmbH* (RDJ), *Rummelsberger Services for People with Disabilities gGmbH* (RDB). In addition to *Krankenhaus Rummelsberg gGmbH* and *Kinderklinik Garmisch-Partenkirchen gGmbH*, *the following organisations* also exist: *Rummelsberger Servicegesellschaft mbH* (RSG), *Rummelsberger Baubetreuungs- und Dienstleistungsgesellschaft mbH* and *Rummelsberger Datenverarbeitungsgesellschaft mbH* (r.dv).

- *Sozialwerk St. Georg e.V.* (*Catholic*)

1,900 staff / Ruhr region and Westphalia, head office in Gelsenkirchen /
Turnover 83 million euros (2002).
Support for people with disabilities through workshops and supported living.

- *St. Elisabeth Foundation, Bad Waldsee* (*Catholic*)

1,400 staff (in its own facilities) / Baden-Württemberg, head office in Bad Waldsee.
A foundation established by the Franciscan Sisters of Reute, who have been engaged in charitable work since 1848 and have contributed the following to the foundation: (Elderly care:) 5 residential care homes, 2 community health centres, 1 home care service; (Healthcare:) Jordanbad – thermal spa with a park hotel, sauna complex and KneippPlus, acute care and rehabilitation hospital; (Support for people with disabilities:) Heggbach facilities offering support, employment and residential services; (Commercial operations:) Gutsver-

management, monastery butcher's shop and joinery. (Investments:) Oberschwaben Clinic / Ravensburg, Institute for Social Professions / Ravensburg and Stuttgart, community health centres.

- *St. Elisabeth Foundation, Dernbach* (*Catholic*)

(15,000 staff) comprises the *Marienhaus GmbH, Waldbreitbach,* and *Maria Hilf GmbH*.

- *St. Elisabeth Foundation, Essen* (*Catholic*)

1,500 staff / Ruhr region.
The facilities are largely run as limited liability companies (GmbHs): 1 hospital, care services, 6 retirement and nursing homes, schools and a university of applied sciences. Central service organisations (including ZLM GmbH – Centre for Laboratory Medicine and Microbiology, Elisabeth-Service GmbH) and the management of other facilities.

- *St. Franziskus Foundation, Münster* [368] *(Catholic)*

4,500 staff / North Rhine-Westphalia.
The *Cooperative of Nurses of the Third Order Regular of St Francis (Mauritz Franciscan Sisters)* has transferred its hospital societies to the foundation. 10 hospitals, 3 facilities for people with disabilities, 1 care home for the elderly, 2 hospices, FAC'T (Facility Management), MOC (Medical Order Centre). The foundation is the majority shareholder in *CTN – Caritas Trägergesellschaft Nord gGmbH*.

- *St. Vinzenz Hospital gGmbH* (*Catholic*)

1,600 staff / Hesse.
With 5 hospitals (in Hanau, Fulda, Kassel, Volkmarshausen and Bad Hersfeld), it is the 'largest Catholic hospital operator in Hesse'. The sole shareholder is the *House of the Sisters of Charity of St Vincent de Paul in Fulda, a public-law corporation*.

- *Stiftung der Cellitinnen zur hl. Maria* (*Catholic*)

2,800 staff / Cologne and the Rhineland. Part of the network of individual
The limited liability companies (GmbHs) and non-profit limited liability companies (gGmbHs) (of which the Order is the sole shareholder) comprise 4 hospitals, 1 nursing school, 11 care homes for the elderly and the service provider proServ (full-service), which also operates an outpatient nursing service.

- *Haus Lindenhof Foundation* (*Catholic*)

1,100 staff / Schwäbisch-Gmünd and the surrounding area.
The foundation was established by the Diocese of Rottenburg-Stuttgart and the Caritas Association of the diocese. 16 independent facilities across 25 locations. Facilities for people with disabilities (residential care,

employment, care, special school) and for older people (residential care, medical services), service centre.

- *Liebenau Foundation* (*Catholic*)

3,900 staff / primarily in the south of Baden-Württemberg and in Vorarlberg / Group turnover (2003) 193 million euros, equity (2003) 333 million euros.
50 locations, 5 subsidiaries, 2 associated companies. (Support for people with disabilities:) St. Gallus-Hilfe für behinderte Menschen gGmbH, St. Lukas Klinik gGmbH, Berufsbildungswerk Adolf Aich gGmbH, Liebenau Service GmbH / LiSe GmbH, Caritas Sozialwerk im Bistum Meißen e.V., Bulgarisch-Deutsches Sozialwerk e.V.; (Care for the elderly:) St. Anna Hilfe Deutschland gGmbH, Salvator Altenhilfe gGmbH, Hospitalstiftung zum Heiligen Geist, 'Leben am See'; (Health:) St. Lukas Klinik gGmbH, Franziskuszentrum Geriatric Rehabilitation Clinic, Outpatient Services; (Education:) Institute for Social Professions Ravensburg gGmbH, Don Bosco School / Special School, Ulm Regional Training Centre. Several grassland enterprises (forestry, agriculture, horticulture).

- *Heidelberg Rehabilitation Foundation – SRH* (*Ev.*)

7,600 staff / Baden-Württemberg, Saxony, Thuringia / Turnover
turnover (2003) 410 million euros.
27 organisations, including 7 hospitals / clinics, 2 vocational training centres, sheltered workshops, a school, technical colleges, a service limited company, a service provider, and a catering service.

- *St. Franziskus Heiligenbronn Foundation* (*Catholic*)

1,150 staff / Baden-Württemberg (7 locations).
In 1991, the Congregation of the Sisters of Penance and Christian Charity, belonging to the Regulated Third Order of St Francis, transferred all land and property to the foundation: a convent, 4 care homes for the elderly, 1 vocational school, 1 school, 1 school and residential home with a nursery for blind and visually impaired children, residential groups, and external residential groups.

- *Stephanus Foundation* (*Protestant*)

1,400 staff / Berlin, Brandenburg, Mecklenburg-Western Pomerania.
30 facilities, including 7 care homes for the elderly / supported living, residential homes, schools and workshops for people with disabilities / a children's day centre / a convalescent home.

- *Theodor Fliedner Foundation* (*Protestant)*

1,800 staff / across six federal states, head office in Mülheim / Ruhr.
Work with people with disabilities, elderly care, support for people with addictions and psychiatric care, training, research and teaching, training of deacons.

- *Dienste für Menschen e.V. Group* (*Protestant*)

1,600 staff / Baden-Württemberg, Bavaria, Saxony.
A network of ten organisations in the field of care for the elderly: 13 nursing homes, 9 residential homes, 1 specialist geriatric hospital, 2 geriatric rehabilitation clinics, 7 outpatient care services, 3 specialist colleges for geriatric care.

- *Vorwerker Diakonia* (*Ev.*)

1,600 staff / Lübeck and (via shareholdings) in other federal states (e.g. at *Diakoniewerk Kloster Dobbertin gGmbH*). Care homes for the elderly, sheltered housing, day centres for the elderly, hospice, support for people with addictions, residential homes and workshops for people with disabilities, Paul-Burwick School for people with intellectual disabilities, youth welfare facilities, specialist clinic for children and young people with mental health conditions, Birkenhof, training centre.

- *Zieglersche Anstalten e.V.* (*Ev.*)

2,000 staff / Baden-Württemberg.
The areas of activity (comprising various facilities) are organised into three gGmbHs (Behindertenhilfe gGmbH, Evangelische Altenheime in Baden-Württemberg gGmbH, Suchtkrankenhilfe gGmbH), as well as a hearing and speech centre, the Gotthilf-Vöhringer School and the Martinshaus Klientobel. Agricultural estate.

These few listed denominational social enterprises alone already employ around 223,000 staff, i.e. more than a fifth of the staff counted by Caritas and Diakonia.

Whilst people seem to have become accustomed to the large, existing institutions, new mergers face a certain pressure to justify their existence, so that – in 2002/2004, when the *Gustav Werner Foundation* and *Haus am Berg gGmbH* merged to form *BruderhausDiakonie* – it was asserted on the one hand: ‘We have not founded a mammoth organisation but rather created a large umbrella organisation for the many small, regional institutions.’ On the other hand, it is then stated very clearly that the governing bodies ‘have now laid the groundwork for their complete economic and legal merger into a single organisation’.[369]

Apart from the Order of St John and the Order of Malta, both of which have established their own nationwide first-aid and ambulance service structures / patient transport, the largest single organisation is the Catholic *St Elisabeth Foundation in Dernbach* (15,000 staff), followed by the *von Bodelschwingh Institutions in Bethel* (12,800 staff). However, whilst in the diaconal sector a further five organisations employ more than 5,000 staff (Christliches Jugenddorfwerk, Stiftung Rehabilitation Heidelberg, Johanneswerk, Diakoniewerk Neuendettelsau, Rummelsberger Anstalten), there are only two such organisations within Caritas (Barmherzige Brüder Trier and Caritas Trägergesellschaft Trier).

Whilst both denominations share the fact that most of the large organisations can trace their origins back to long-standing traditions of work carried out by nuns and monks as well as deaconesses and deacons, a striking difference is that in the Protestant sector, large contiguous areas have been developed (Bethel, Neuendettelsau, Rummelsberg, Alsterdorf, Johannesstift), whilst in the Catholic sector, individual organisations have tended to establish comprehensive regional networks.

Another common feature among the major hospital operators is that they have now (almost all) 'spun off' their 'service' departments (housekeeping, cleaning, etc.), i.e. they have set up or hold shares in low-wage companies.

The Brussels Circle

The preceding list of large denominational social enterprises has deliberately not been divided into Protestant and Catholic categories, as there are not only instances of cooperation but also competition – not just at national level; if an institution is to remain under church sponsorship, the Diakonia is more likely to transfer it to Caritas than to 'give it up' – but also at European level, where (in 2000) ten of the major organisations listed above (plus the 'small' Christophorus Werk e.V. Lingen) came together to form the 'Brussels Circle'. Its motto: 'Social services in Europe on a Christian basis'. And it is certainly no coincidence that this working group presents itself with the yellow circle of stars from the European flag, which so closely resembles the Catholic Marian flag.

The eleven social enterprises represent around 35,000 employees and generate an annual turnover of around 1.5 billion euros. An office has been set up in Brussels to maintain contacts and coordinate their joint work. The members are: Christophorus-Werk Lingen e.V., Diakonia-

Hilfswerk Schleswig-Holstein, Dominikus-Ringeisen Werk, Evangelische Stiftung Alsterdorf, Evangelische Stiftung Hephata, Josefs-Gesellschaft e.V., Catholic Youth Welfare Service of the Diocese of Augsburg e.V., Rummelsberger Anstalten e.V., Sozialwerk St. Georg e.V., Liebenau Foundation, St. Franziskus Heiligenbronn Foundation. Purpose of the alliance: "Joint initiatives aimed at [1.] exerting political influence on behalf of the member organisations, [2.] providing training and further education, and [3.] pooling resources."[370]

Specifically, for example, it states: "Should a European Constitution come into being, it is of direct significance to the work of social service providers whether this Constitution is based on a Christian reference to God, to what extent social policy remains subject to national sovereignty, and which fundamental rights are granted to citizens and unborn life. Numerous discussions took place with politicians and decision-makers on this matter." And: "Future investment funding, training of specialist staff and organisational development. […] The aim is to pool resources and achieve good results as quickly as possible." [371] In short, then: Christian lobbying and economic interdependence in the spirit of ecumenism.

Association network

Alongside this form of association-specific and primarily policy-related cooperation, there are specialist network structures that go beyond loose cooperation. One example of this is the Association of Protestant Hospitals in Westphalia, which was founded in 2003 with the aim of "strengthening the competitiveness of the participating hospitals".[372] Members of the association include the Protestant Johannes Hospital, the Gilead and Mara hospitals in Bielefeld, the Protestant Hospital in Hamm, the Protestant Hospital in Lippstadt, the Lukas Hospital in Bünde and the Protestant Hospital in Enger, the Auguste-Victoria Clinic in Bad Oeynhausen, the Klinik am Korso in Bad Oeynhausen, and the Johanniter Order hospitals in Bad Oeynhausen. The association's administrative office is based in Bielefeld. The association's annual turnover amounts to 334 million euros. A regional market force.

Network of services

However, these networks extend not only across the organisations themselves but also beyond the large providers, which already offer a full range of services 'from the cradle to the grave' – from hospitals and nurseries to hospices – with collaborations between various providers

are increasingly being established to keep non-denominational or rival organisations of different faiths away from their own clientele. For example, a hospital, *St. Nikolaus Stiftshospital GmbH*, not only has four shareholders (*Caritasverband für die Diözese Trier e.V.*, *Caritas Trägergesellschaft West GmbH*, Düren; *the Catholic Parish of the Assumption of Mary*, Andernach; and the *St. Nikolaus-Stiftshospital Foundation*, Andernach) but is also a member of *the KLA – Kirchlicher Leistungsverbund Andernach* (Andernach Church-based Care Network), regarding which it states:

'In the event that, following your discharge or transfer from our hospital, you receive further care at or via one of the following facilities, the formation of the Kirchlicher Leistungsverbund Andernach, comprising the participating institutions St. Nikolaus-Stiftshospital and Marienstift Care Home for the Elderly, St. Stephan Care Centre, Andernach Caritas Association of the Rhine-Moselle-Ahr Region, Andernach Office; and the Andernach Church Social Services Centre is ensured that your care, treatment and nursing will continue in the best possible manner."[373]

Digression XIV: The 'Monopoly' of the Charitable'

In 1999 and 2000, there were two 'financial scandals' in the Catholic welfare sector that were directly and indirectly linked to Caritas. One concerns the events surrounding the *Caritas Trägergesellschaft Trier* (ctt), whilst the other relates to the *Deutsche Orden Hospitalwerk* (DOH). Both are to be briefly examined side by side here – although they should certainly not be regarded as 'typical' of Catholic social enterprises – as they not only exhibit striking parallels and differences in their origins, management ethos and internal conflict resolution, but also appear, at first glance, to stand in stark contradiction to the idea of Christian 'Samaritanism'.

Both cases are characterised not only by the 'criminal' behaviour of the individuals involved but also form part of a wider trend towards running Catholic social institutions on a market-based, i.e. profit-oriented, basis.

Background: One of the cornerstones of the Catholic welfare sector is, or rather was, the charitable religious orders of women, which ran hospitals, care homes for the elderly and support services. By the mid-1980s, it had become abundantly clear that the shortage of new recruits amongst the nuns was threatening the very survival of the religious orders

This not only called into question the long-term future of these institutions, but also caused immediate staffing problems for the organisations running them. Faced with this situation, the religious orders sought out other Catholic organisations that could guarantee the continued existence of these denominational institutions, and found a sympathetic ear for their cause in both the Bishop of Trier, Hermann Josef Spital, and the Prior of the Teutonic Order, Gottfried Keindl.

Caritas Trier

Chronology of key events:[374]

- In 1982, the lawyer Hans-Joachim Doerfert founded the *German Society for Follow-up Treatment and Medical Rehabilitation* (DGAR) and the *German Society for Nursing* (DGK).
- 1985: On a pilgrimage to Rome – for the beatification of the founder of the Order of the Brothers of Mercy – the Bishop of Trier and Hans-Joachim Doerfert – by then also managing director of the Brothers of Mercy's hospital – met, and shortly afterwards the DGAR/DGK took over its first hospitals.
- 1987: Under the financial and legal supervision of the Bishop, the DGAR is 'reorganised' into *the Caritas Trier* (*ctt e.V.*) as a church-affiliated charitable association' (the Bishop's condition: all staff must adhere to the Catholic Church's teachings on faith and morals). As a church-run organisation, it becomes a corporate member of the DiCV, is recognised as a non-profit organisation, and already owns eight facilities. Under Doerfert's management, the *ctt* restructures a number of financially ailing hospitals and enjoys a good reputation.[375] To bill for the services provided by the institutions to private patients, the *ctt* establishes the *Ärztliche Abrechnungsstelle Trier (ÄAT)*, which (as it later transpires) serves as the central channelling point.
- Since 1994, various suspicious cash payments and bank transfers to individuals have been identified (retrospectively).
- 1996: The commercial company *Klinik Rose AG* is founded with the aim of "mobilising investment capital for hospitals' (Bischof Spital). Consequently, the *Bavarian Civil Servants' Insurance Company* acted as an investor nationwide, *Klinik Rose AG* as the tenant, and the *Trier Medical Billing Centre* provided sureties and rent guarantees.

- October 1997: 'Solidarity Pact of all employees', 'Parts of the Christmas bonus, the holiday pay and the pay rise are converted into time off , limited to two years and linked to a job guarantee."
- February 1998: The Minister for Social Affairs of Rhineland-Palatinate, Florian Gerster, and his State Secretary visit the Bishop and inform him of Doerfert's peculiar activities. Nothing happens.
- May 1999: "The salaries [of ctt employees] are to be frozen at the 1998 level until 2004, invoking a special hardship clause."
- By 1999, *ctt* had grown into a social services group comprising 43 facilities (6 hospitals, 9 specialist clinics, 1 youth welfare centre, 24 care homes for the elderly, 3 educational institutions – across 7 federal states) with an annual turnover of around DM 850 million and 9,000 employees. These social and charitable institutions are complemented by commercial ventures: a multiplex cinema, a luxury sports and conference hotel, a new development of 'assisted living' accommodation, and so on.
- *The ctt's* facilities in Saarland are not affected by the capacity cuts in the hospital sector.
- 15 August 1999: Hans-Joachim Doerfert is arrested by the Koblenz Public Prosecutor's Office. It takes the Public Prosecutor's Office one and a half years to make sense of the complex web of companies and financial transactions.
- Following the winding up of all commercial activities and the failure to recover debts, the loss to the diocese is estimated at almost 50 million euros.
- December 2002: Negotiations regarding a strategic alliance between the *Josef-Gruppe e.V.* (Cologne) and *ctt* are concluded without success.
- June 2003: Several newspapers report that *ctt* is to be taken over by *Marienhaus GmbH Waldbreitbach*, one of the largest Catholic operators of social care institutions in Germany.
- 26 July 2004: The Mother Superior of the Waldbreitbach Franciscan Sisters and the Provincial Superior of the Brothers of Mercy in Trier declare

that they, as cooperation partners, and *ctt* had succeeded in developing a joint restructuring plan. The banks waived claims amounting to tens of millions, and *'ctt* will be able to stand on its own two feet again in future'.[376]

In the Cologne–Frankfurt–Trier region, *ctt* operates 1 academy, 24 care homes for the elderly, 1 youth support centre, 5 hospitals, 3 mother-and-child therapy centres and 6 rehabilitation clinics, employing around 5,500 staff.

Consequences:
Reinhard Klimmt, then Minister-President of the Saarland and later Federal Minister of Transport, in Berlin, and Klaus Meiser, Minister of the Interior, in Saarbrücken, resign (for favouring the FC Saarbrücken sports club).

In autumn 2001, Hans-Joachim Doerfert is sentenced by the Koblenz Regional Court to 7 years and 3 months' imprisonment for breach of trust in 58 cases, and subsequently by the Munich Regional Court to a total sentence of ten years and six months' imprisonment for three serious counts of bribery of a public official. Co-defendant Ulrich Ziegelmayer (Ärztliche Abrechnung Trier) is sentenced to 51 months' imprisonment, whilst Rudi Gessner (Berufsbildungswerk der ctt) receives a 20-month suspended sentence.

In 1999, the bishop appointed "his heads of department from the Episcopal Vicariate General, Peter Schuh (Legal Affairs) and Dirk Wummel (Finance), to the management of the *Caritas Träger Gesellschaft Trier* and quadrupled their salaries. Since then, Schuh and Wummel have [each] been receiving nearly 20,000 euros a month in Caritas funds." In October 2003, the cooperation partners Mariahaus GmbH and Barmherzige Brüder appointed a new board of directors for *ctt*.

German Order of the Hospitalers

"The German Order is a clerical institute of consecrated life under papal law, whose sphere of activity is the apostolate in the world." Chronology:

- June 1986: Gottfried Keindl, a priest of the German Order and police chaplain in Hesse, with a particular commitment to helping drug
, becomes Prior of the German Province of the Order of the German Order, based in Frankfurt am Main.
- "In 1990, to mark the 800th anniversary of the Teutonic Order, the *Teutonic Order Hospital Foundation* (DOH) was established, which exclusively and
directly pursues charitable, benevolent and ecclesiastical purposes."[377]
- In the early 1990s, Prior Keindl received 250,000 DM in start-up capital from ctt Managing Director Doerfert.
- From 1993 onwards, "around 120 healthcare, care homes and social welfare facilities, which were formerly run by church, local authority or

independent, non-profit organisations,"[378] passed into the ownership of the German Province of the Teutonic Order. This was based on the trust-based and free transfer of the charitable institutions by ten small, ageing communities of nuns.

- In 1996, the Bavarian Minister-President Edmund Stoiber became a 'Familiar' member of the Deutschherrenbund e.V., the lay organisation of the Order – whose members "do their utmost to support the Order's works, promote its undertakings and strive to realise its ideals".
- 'The annual accounts for 1996, 1997 and 1998 of DOH GmbH show that the increase in the assets of the Teutonic Order, in addition to state subsidies, resulted primarily from the book profits arising from the acquisition of hospitals and other facilities through donations. These increases in assets then enabled the large-scale borrowing required to finance the expansion strategy, particularly in the commercial sector."[379]
- 13 January 1998: Minister-President Stoiber meets with the managers of the DO and subsequently supports the application for the granting of corporate status.
- 20 May 1998: The German Province of the Order is granted recognition as a non-profit body under public law by the Free State of Bavaria – even though neither the number of members of the Order (27) meets the required number (more than 200) nor is the applicant's registered office located in Bavaria. (In Bavaria, there are more than 150 religious orders with KdöR status, a peculiarity resulting from an addendum to the Bavarian Concordat of 1924. These bodies are not subject to 'any special state restrictions or supervision'.)
- Autumn 1998: The Order's German provincial headquarters and the central administration of the Teutonic Order Hospital Foundation were relocated from Frankfurt am Main to Weyarn near Munich.
- All this would have remained within the scope of what appears to be the usual 'political landscape management', but according to its own statements, the German Province of the Order had in the meantime become one of the eight largest social enterprises in Germany, employing 5,500 staff and proudly highlighted its 'solid financial basis': equity capital stood at 84 million and total assets amounted to 524 million DM (of which 337 million was in property and land). The funding totalled

174 million DM (*sub-total of capital and assets: 782 million*), and turnover (in 1999) stood at 490 million DM.[380]

- The German dioceses are demanding access to the Order's accounts. This has been refused on the grounds that the Order is directly subordinate to the Pope.
- Since being granted corporate status, the Order's staff have behaved in a very arrogant manner. The Order's application to join the German Cari-Association as an 'associate member' is rejected: 'There is a lack of transparent supervisory bodies.'[381]
- In 1999, the Teutonic Order refers to itself in its self-description alternately as the 'DO Group' or the 'DO Corporate Group', because

in addition to the DOH (German Order Hospital Service), the Order has established a number of commercial enterprises and now owns 26 per cent of *the Jericho Motel Company* (the first 4-star hotel in the future State of Palestine), 50 per cent of the Swiss *company Stemcup AG*, which manufactures hip implants, and, within its 'Products, Trade and Services' division, the cleaning and catering for its facilities are handled by *Tressler*, a company belonging to the group; and since 1997, the DO Group has had mass-produced items such as powdered and powder-free surgical and examination gloves manufactured in Asia under the DO own brand, as well as textiles required in clinics, which are distributed via the Duisburg distribution centre. In 1999, a new 'subsidiary' was founded: the *hospital management company AGP*, which manages 15 hospitals with a turnover of around 250 million marks, and a *Deutsch-Ordens Krankenhausbetriebsgesellschaft GmbH* to operate numerous planned hospitals in Arab countries and Mongolia, amongst many other projects.

- In July 2000, the first reports appeared in the media alleging that the DOH was struggling with financial difficulties and had

religious orders had been 'ripped off' when handing over the hospitals and facilities. The Teutonic Order vehemently denied the reports in **Der Spiegel** and **Stern**, dismissing them as nothing but 'opinions, interpretations and insinuations'.[382]

- 30 November 2000: The Teutonic Order announced that it was insolvent and that it could no longer pay its staff their November salaries and Christmas bonus.
- A criminal complaint is lodged against Minister-President Stoiber for 'aiding and abetting breach of trust' [383] (due to the Order's recognition as a body governed by public law by Bavaria, the DOH was no longer subject to disclosure requirements), but this is dismissed.

- For the first time in post-war German history, a public-law body is insolvent without being able to file for insolvency – a legally complex situation. The Free State of Bavaria is to pay 25 million DM in 'bridging aid'.[384]
- The Grand Master of the Teutonic Order is summoned to Rome.
- 5 December 2000: The Prior of the German Province and the Managing Director of the DOH are removed from their posts by the Grand Master.[385] The managing director (annual income 510,000 euros) is dismissed with a substantial severance payment.
- The Vicariate General of the Archdiocese of Cologne makes 500,000 DM available as emergency aid in the form of an interest-free loan for staff at DOH institutions within the Archdiocese. (The background to this 'noble gesture' is that the Vicar General of the Archdiocese is also a Familiar of the Deutschherrenbund e.V. of the Teutonic Order.)
- 7 December 2000: The former head of the Health and Social-Charitable Services division at the Teutonic Order, Thomas Franke, is appointed as the new managing director.
- 7 December 2000: The Vicar-Generals of the German dioceses decide to help the social institutions, but not the Order.

They argued that they were not actually responsible, as the Teutonic Order was under papal supervision. They intended to provide one-off financial assistance 'to address the most urgent needs in individual institutions'.[386]

- 8 December 2000: In a 'concerted effort' by the Free State of Bavaria, creditor banks and the German Bishops' Conference, 30 million DM is made available as emergency aid (each contributing one third) and a restructuring committee is set up.
- 25 July 2001: The Head of the Bavarian State Chancellery, Erwin Huber, Minister for Culture Monika Hohlmeier and Minister for Social Affairs Christa Stewens meet with Cardinal Secretary of State Sodano in Rome and ask the Vatican to participate in the reorganisation of the DO. They explain the legal situation, namely that a religious public body in Bavaria is 'strictly exempt from any state control' and that the crisis is therefore an 'internal church matter'.[387]
- December 2001: The debts of the German Province of the Order amount to 182 million euros.
- 'To help reduce the debt, the other brotherhood and sisterhood provinces of the Teutonic Order in Austria, South Tyrol, Slovenia, the Czech Republic

Czech Republic and Slovakia 18 million euros under pressure from the Vatican." [388]

The independent Sisters of the Teutonic Order in Passau were ordered by the Vatican to raise six million euros. They made their contribution out of 'religious obedience'.[389]

- 29 June 2002: Announcement that the June salaries could not be paid: 'Social services group on the brink of collapse again.' According to well-informed sources, it is reported that the Teutonic Order intends to put pressure on the German Bishops' Conference to ensure that the Church provides further funding.[390]
- 4–6 July 2002: "As part of the restructuring plan for the Teutonic Order, the Archdiocese of Munich-Freising has provided a guarantee of over 23 million euros as part of the restructuring plan for the Teutonic Order." The guarantee will be "covered over a longer period by funds from existing reserves".[391]
- 16 July 2002: The sale of the (lucrative) hospital division yields net proceeds of 35 million. The 45 creditor banks waive 35 million euros of their claims. The 15 million euro loans from the Bavarian dioceses are converted into "subordinated loans", i.e. written off, and the Bavarian State Agency for Reconstruction Finance makes a further 2.56 million available. The remaining debt of 68.5 million euro is to be repaid over the next twenty years.

Consequences:
On 16 May 2003, following a year's work, the final report of the Bavarian State Parliament's 'Committee of Inquiry into the Teutonic Order' concluded that the Teutonic Order had 'neither been supported nor given preferential treatment by the Bavarian State Government, nor by Bavarian authorities or their officials'.[392] The SPD parliamentary group – as the minority – takes a different view: 'Organised irresponsibility along the lines of "see no evil, hear no evil, speak no evil"' and the Order's close ties to Minister-President Stoiber had contributed to the debt disaster.[393]

On 29 November 2003, the Munich II Public Prosecutor's Office (after three years) dropped the investigations against former executives of the Teutonic Order. The allegations of breach of trust, fraud, delaying bankruptcy, balance sheet fraud and tax evasion had not been substantiated. "The Deutsch-Ordens-Werke, which the former Prior Gottfried Keindl and the then Managing Director Werner Conrad had sought to expand into Europe's largest social services group, are now active only in their 'core business': drug support and residential support for people with

disabilities and care for the elderly. The Order therefore no longer owns any hospitals or youth welfare facilities."[394]

Nationwide, in 2004, the *Deutsch-Ordens-Werke* of the Teutonic Order comprised over 70 facilities with around 2,100 staff. The focus is on the 53 drug support facilities, which collaborate within five regional networks (Berlin, Bornheim/Bonn, Upper Bavaria, Laufer Mühle, Main-Spessart). *DOH International* manages – in collaboration with the European Union – drug support projects in eight Asian countries.[395]

Summary

In both 'cases', denominational organisations that had previously had no experience in the social sector established and interlinked corporate structures after being granted charitable status, which made them 'major players' in their sector without being subject to normal public scrutiny. Even after the divestment – in particular, the cessation of purely commercial activities and the return to the 'core business' – denominational enterprises have retained a considerable scale. Particularly when they are 'outliers', they highlight precisely the distinctive features of denominational charitable organisations.

Under the spiritual and institutional protection of the bishop and the prior, the managing directors developed a charitable 'Monopoly', about which neither the supervising bishop, in his 'dull naivety' [396], nor the prior – who is said to have remarked, regarding the risky financing of the Order's works, that 'he had faith in God' [397]– claimed to have known any details. In both organisations, those in charge themselves behaved ostentatiously (the bishop, who was reportedly seen driving the ctt managing director's Ferrari Testarossa; the prior, with his stud farm, luxury cars and private jet) and approved generous annual salaries for their managing directors (Doerfert 630,000 euros, Conrad 510,000 euros). It is therefore highly unlikely that they knew nothing of the irregularities. Nevertheless, the two clergymen were not held to account. The affair 'made the bishop quite ill' and he submitted his resignation to Rome; the prior is returning to the life of an ordinary friar in Hesse (as a locum priest in a parish) and is barred (in 2002) from standing for election to any office within the Order for ten years. The fact that no charges were brought against the DOH was not due to a lack of evidence, but to the specific circumstances in Bavaria.

In both cases, it has become apparent that the (in these instances Catholic) Church / Caritas lacks 'self-cleansing mechanisms', i.e. structures that would enable such developments to be addressed – apart from 'suspicious scrutiny' or 'warning statements' – using control mechanisms otherwise common in the business world, even before the civil authorities intervene. The extent to which this is possible within the gGmbH structure, now standard at Caritas, would have to be assessed on a case-by-case basis. However, in the case of the association structure still very commonly found within the Diakonia, there are reports of a 'lord-of-the-manor mentality' on the part of chairpersons, although these do not involve the criminal scale seen in the two organisations under consideration.

On 2 February 2004, the *Association of German Dioceses* and the *Commission for Charitable Matters of the German Bishops' Conference* published a 'guidance document': 'Catholic-run social institutions and financial oversight', which states, amongst other things:
'Recently, however, there have also been financial problems, even leading to major crises, at individual social institutions that belong to the German Caritas Association or are closely associated with the Catholic Church or Caritas. The financial and reputational damage resulting from these crises is considerable.' And following a range of questions on how crises might be minimised in future, it is stated: "It must be emphasised that it is fundamentally the responsibility of the sponsoring body to ensure that its institutions have qualified supervisory structures."[398]

Sustainable

However much *ctt* and *DOH* may be 'criminal outliers' – having fallen victim to the personal enrichment, the craving for recognition and the commercial escapades of those in charge – 'sustainable' examples from other sponsoring bodies show that *ctt* and *DOH* are not 'has-beens'; on the contrary, the underlying trend at both institutions was not at odds with denominational activities in the healthcare sector, but was in fact consistent with them. Here is one example.

"Mauritz Franciscan Sisters transfer hospitals to a foundation",[399] read a news report: In February 2004, the *Cooperative of Nurses of the Regulated Third Order of St Francis* (Mauritz Franciscan Sisters) transferred the ownership of five hospital trusts operated by them (St Franziskus-Hospital GmbH, Münster / St. Rochus-Hospital Telgte GmbH / St. Bernhard-Hospital Kamp-Lintfort GmbH / St. Elisabeth-Hospital Meerbusch-Lank GmbH / St. Barbara-Klinik Hamm-Heessen GmbH) to the foundation established in 1997, *St. Franziskus Foundation*, *Münster*.

The hospital companies transferred form a hospital group with around 2,000 beds and 4,500 staff.

What this announcement fails to mention, however, is the fact that the *St. Franziskus Foundation in Münster,* to which the Franciscan Sisters entrusted the new sponsorship, was founded by these very same Franciscan Sisters back in 1997. In 1998, this *St Franziskus Foundation* became a shareholder in *Caritas-Trägergesellschaft Nord* (CTN) Ahlen; however, as of 2004, the foundation counts this organisation among its own facilities.[400]

Following this additional endowment, the *St. Franziskus Foundation* in *Münster* now comprises: 10 hospitals, 3 care homes for people with disabilities, 1 care home for the elderly, 2 hospices and the CTN (which in turn includes some of the aforementioned facilities), which (under the heading 'Support for Youth Welfare') organises vocational training at a nursing school, a midwifery school and a specialist college for therapeutic care. The Foundation "cooperates on many levels with other institutions, service providers and partners". The Foundation's most important partners, acting as "service providers", are FAC'T and MOC.

FAC'T has, following a three-year preparatory phase, been the spin-off of the former technical departments of the hospital trusts into a 'holistic facility management' organisation – building management, building services, communications technology, medical technology, health and safety, cleaning and logistics – with more than 200 staff, and serves 30 facilities with a total of 5,000 beds,[401] including, amongst others, the privately run Paracelsus Clinic in Osnabrück. Since May 2004, there has also been *FAC'T mobil* (in collaboration with *Caritas Betriebsführungs- und Trägergesellschaft mbH Münster*), which provides domestic care, support and general assistance for the elderly and those in need of care, and is responsible in particular for patients "who require support following a hospital stay". (One would be a bit of a mischief-maker to think there's any profit in it.)

MOC (Medical Order Centre) is a joint venture between the hospital trusts and the commercial *transport and logistics group Fiege*, which – with the support of the state government – has established a central hospital pharmacy, central sterilisation unit and procurement department at the Olfetal Nature and Business Park.[402] *Medical Order Services GmbH* works closely with the *Niederrhein-Westfalen purchasing cooperative* (with more than 30 affiliated hospitals and over 10,000 beds).

Appendix XV: Self-help groups

It is not only in light of the 'social conglomerates' described in the previous chapter that the question "Where are the Good Samaritans?" [403] has once again become a topical issue in both organisations. The Protestant health economist Steffen Fleßa criticises: "Diakonia and Caritas are failing to find the injured, the vulnerable and the poor. Rather, this task is carried out by grassroots self-help groups. The Christian social organisations, on the other hand, take charge of those in need, providing them with shelter, care and professional assistance. This work requires a great deal of dedication and is worthy of the highest recognition. However, it is, after all, more akin to the role of the innkeeper than that of the Good Samaritan."[404] In this respect, however, the role of the Good Samaritan in Germany has split: on the one hand, into the self-help groups and volunteers who find those in need and provide them with immediate care; and on the other hand, into the public and state welfare systems, which then finance the majority of the costs of inpatient care. This image of the (individual) Good Samaritan, who selflessly comes to the aid of someone in need, is, however, incompatible with the highly organised professional structure of the welfare organisations; as a result, these organisations are finding themselves in ever-increasing competition with autonomous initiatives and self-help groups—which do not wait to see whether public or state funding for the assistance is guaranteed.

There is no question that an inpatient facility such as a hospital or a care home for the elderly and disabled cannot be run as a self-help facility by volunteers; yet the charitable organisations have lost touch with volunteers – or, as it has been termed for some years now, with 'civic engagement' – to a greater extent than would be consistent with their understanding of charitable selflessness. Moreover, they are scarcely present within self-help groups.

Admittedly, the very concept of 'self-help' already sets limits on administered or centrally organised assistance, yet following the state recognition of self-help groups (Section 20(4) of the Social Code Book V) in the 1990s (the Federal Minister of Health at the time is said to have referred to them as the 'fourth pillar of the healthcare system'), self-help groups also receive information support and specialist advice, which,

which are mostly the responsibility of the approximately 185 self-help contact centres (SeKo) or contact and information centres for self-help (K.I.S.S.), which are run by state and local authorities.

No one knows exactly how many self-help groups there are. In 1995, there were 67,500 self-help groups and initiatives with around 2.7 million 'members'. Current estimates suggest there are between 70,000 and 100,000 groups with 3 to 3.5 million members. According to NAKOS (the National Contact and Information Centre for the Promotion and Support of Self-help Groups), there are self-help groups in Germany covering more than 800 different topics.

Even though the definition of a self-help group is fluid – in terms of organisational form, objectives or subject matter – it can be clearly established that (traditional) voluntary support groups are not included in this definition. 'What is *specific to self-help* is the combination of being directly affected oneself and showing solidarity with others. The driving force behind self-help involvement is the hardship caused by one's *own* illness; the hardship arising from *one's own* problems. From their involvement in a group of people facing similar challenges, those committed individuals expect, above all, *benefits and positive outcomes for themselves*.'[405]

For Caritas and Diakonia, a summary overview (for 2001) reveals, at first glance, considerable figures: 10,061 volunteer groups and self-help groups at Caritas and still 3,623 groups at Diakonia (*Table 156*).

Table 156: Self-help groups and staff at the DCV and the DW, 2001/2002

Self-help groups Volunteer groups at:		*Organisations/services*	*Staff*						
			Total	*Caritas Association*			*Diakonia*		
Caritas	*Diakonia*			*Number*	*VZ*	*Part-time*	*Number*	*VZ*	*Part-time*
		Self-help groups / volunteer groups run by Bürgerhilfe							
435	699	Health	-	-	-	-	1	-	1
-	64	Youth welfare	-	-	-	-	182	128	54
172	76	Family support	66	-	-	-	105	39	66
3,602	217	Care for the elderly	345	-	-	-	614	240	374
143	78	Disabled	181	-	-	-	30	6	24
1,574	2,489	Special support (mainly for addiction)	856	668	306	362	136	114	22
4,135	-	Other forms of assistance		-	-	-	-	-	-
10,061	*3,623*	*Subtotal*		*668*	*306*	*362*	*1,068*	*453*	*615*

Sources: German Caritas Association: The Catholic Institutions and Services of Caritas in the Federal Republic of Germany, as at 1 January 2001; Diakonisches Werk: Statistics on Institutions, as at 1 January 2002.

A more detailed breakdown of the Caritas groups (for 2003) reveals not only a reduction from 10,061 groups to a total of 5,735 groups, but also shows that, in principle, there is only a single category for self-help groups (*Overview 157*).

It is only in the field of addiction support that these specific groups exist within Caritas. The situation is similar at the Diakonisches Werk, where the very ratio of 2,489 self-help groups to 136 full-time staff members speaks in favour of autonomous organisation as genuine self-help. The remaining 1,134 groups within the Diakonisches Werk are classified as 'citizen support groups', for which – alongside the volunteers – 932 full-time Diakonia staff members are responsible.

Overview 157: Caritas volunteer groups and self-help groups

Volunteer groups: Caritas conferences and volunteer groups		3,339
	St Vincent Conferences	300
	Catholic Hospital Aid	189
	Catholic Care Homes	152
Self-help groups:	Volunteer hospice groups	192
	Self-help groups for people with addictions / those dependent on drugs addicts (Kreuzbund)	1,563
Total		*5,735*

Source: The Catholic social institutions and services of Caritas in the Federal Republic of Germany, as at 1 January 2003.

This small total of 3,514 self-help groups (exclusively in the field of addiction and drug support) highlights – in relation to the estimated 70,000 to 100,000 self-help groups in Germany – the limited access that the two denominational associations have to these groups, which, if they affiliate with any organisation at all, tend to do so with the Deutscher Paritätischer, the German Red Cross (DRK) or the AWO.

V.2. Funding

The following section does not intend to address the legal peculiarities and consequences of the various funding arrangements. For questions that may be of great significance in funding practice – whether the funds are *grants, subsidies, subsidies* or *financial assistance* – there are specialist handbooks and articles.[406] This section aims to report on various observations, experiences and findings.

What is peculiar about the funding debate concerning institutions run by denominational welfare organisations is, on the one hand, that essays in specialist anthologies on the funding of these institutions scarcely mention any figures.[407] On the other hand, the funding situation is described as highly opaque: 'At present, there are a hundred types of state grants, distributed by forty different authorities and departments. The jumble of state subsidies, concessions and handouts is completely opaque: no one knows how much the individual actually benefits from the goings-on at this social policy sorting station.'[408]

Added to this is an aspect that is frequently overlooked in funding discussions but is well known internally: "At an event organised by the Caritas Association of the Archdiocese of Munich and Freising in November 1994, Caritas Director Albert Hauser spoke openly about management weaknesses within the independent welfare sector, which resulted in the loss of approximately 7 billion DM annually."[409] A considerable liquidity reserve.

Alongside the 'major sectors' – such as hospitals, childcare centres, and residential and nursing homes for the elderly – for which there are clear statutory regulations on funding, many smaller projects are realised through 'mixed or stopgap funding'.

"One of the outstanding qualities of welfare managers is their ability to master the funding puzzle and to track down new sources of funding. Anyone examining funding plans will often marvel at the ingenuity with which some funding arrangements have been devised. Some sources, unknown to others, have been tapped; some concepts have been adapted to ensure they comply with guidelines. And when the state believes it can solve certain problems through social work and launches programmes to that end, everyone immediately looks to see if they can get a share of the funding. The 'first-come, first-served race' begins as soon as a new funding programme is made available."[410]

Since the mid-1990s, the financial position of Diakonia and Caritas – caught between the two blocs of the state (as the main source of funding) and the Church (as a grant provider) – has not become any easier, as grants to the denominational welfare organisations have been cut from both sides. Also, and particularly on the part of the Church, previous funding has in some cases been drastically reduced or institutions have been closed down altogether.

In both associations, therefore, there has been a growing internal debate over the past few years about becoming more independent, adopting a more profit-oriented approach and thereby building up larger reserves of their own, in order to reduce external dependencies and, with regard to the

.

mixed-funding it should be noted, however, that the question arises as to under what conditions an activity can still be considered 'charitable'. The Federal Labour Court has ruled that even an activity for which a fee is charged to cover costs can certainly be charitable, and that 'charitable engagement can only be ruled out in cases where there is an intention to make a profit'.[411] In this sense, the associations or individual organisations must decide which path they wish to take in future.

Here are two examples illustrating the dilemma posed by the existing funding structure:

"It is obvious how little church social work has achieved in this very area [in relation to new challenges, C. F.] in recent years. Because state funding was not (yet) available, entire areas of work were recognised and publicly called for, but were then not addressed on the basis of the church's own diaconal initiative. This is particularly shameful because, in some cases, these are and were particularly pressing needs which were then pioneered by (at times aggressively anti-church) self-help groups, even though they would not only have fitted into the traditional remit of the Diakonia but would have been an integral part of it."[412]

Women's refuges and AIDS support are cited as examples of 'missed opportunities'; in the author's view, these would certainly have 'suited' the Diakonia, but due to its wait-and-see approach until state funding became available, they had already been 'taken over' by initiatives and self-help groups by the time the Diakonia finally took action.

The same applies to the Caritas sector, where the *Social Service of Catholic Women* (with the support of the Central Committee of German Catholics) founded the *Donum Vitae* association in September 1999. The aim was to set up 100 counselling centres by the end of 2001. By October 2000, there were only eleven counselling centres, because state grants were still being channelled to the Catholic dioceses. 'Counselling centres [run by *Donum Vitae*, C.F.] currently exist only in those federal states where the state funds them.'[413] In July 2003, the 100th counselling centre was opened, and the hope was expressed "that the ruling of the Federal Administrative Court of 3 July 2003 would also be implemented swiftly in Hesse. According to this ruling, recognised pregnancy conflict counselling centres are entitled to state funding amounting to 80 per cent of their staff and operating costs."[414]

The particular problem with mixed funding is not only the principle that, with a wide variety of funding bodies, one has to 'polish the windows' all over again every year, but also the frequent 'linking' of funding

streams; for example, if the federal government provides funding, the state may also have to contribute; if the state provides funding, the local authority may also have to contribute a share.

The situation is particularly precarious in the case of mixed funding schemes involving funds from the European Social Fund (ESF) or the *GlücksSpirale*. Both funding bodies require that the *total funding* be 100 per cent secured. For example: for a total volume of 100,000 euros, 50,000 euros in funding comes from the European Social Fund, 20,000 euros from the state, 20,000 euros is own funding, and 5,000 euros each from the local authority and a church district. Now, either the local authority or the church district withdraws its 5,000-euro grant due to financial constraints. If the organising body cannot immediately secure this amount through alternative funding, the 50,000 euros from the ESF will also be forfeited. In other words, the smaller loss of 5,000 euros, which might perhaps have been offset, results in a further loss of 50,000 euros that can no longer be compensated for.

'Church share'

Let us now turn, however, to one of the main focuses of this research, namely the question of the extent to which the two major churches finance 'their' charitable organisations – in other words, the question: how high is the 'church share' in Diakonia and Caritas?

In the individual areas of activity, it has already been shown how high the respective shares of 'co-funding' actually are. But what does this tell us about the 'church share', i.e. the proportion of church funds in the financing of *all* activities carried out by Caritas and Diakonia?

In the overview below, this church contribution stands at 2.2 per cent and 1.8 per cent respectively. (It would be pointless to quibble over the accuracy of decimal places here, as the order of magnitude is what matters.)

If one then takes a closer look at the areas of activity, there are largely three areas into which these church grants flow: into *day-care centres* (where the children of church tax payers are brought up), *counselling services* (which primarily act as a conduit for referring clients to the churches' own denominational institutions) and the *work of the associations* (as the two associations have reached a scale of 'central services' that can no longer be covered by the membership fees collected).

Overview 158: Areas of activity and their 'church share' (2003)

Field of activity	*Turnover in Mio. euros*	*(Caritas and Diakonia)*	*Church share*
Residential care homes the elderly	18,300 Mio.	7,741 Mio.	0
Railway Station Mission	11.4 Mio.	11.4 Mio.	1.8 Mio.
Counselling (BAGFW only)	1,300 Mio.	527 Mio.	146 Mio.
Child and youth welfare	1,954 Mio.	272 Mio.	0
Childcare centres	9,169 Mio.	3,756 Mio.	376 Mio.
Hospitals	57,600 Mio.	7,841 Mio.	0
Mother-and-child health stays	431 Mio.	94 Mio.	0
Ambulance service	1,837 Mio.	325 Mio.	0
Search services	18 Mio.	3 Mio.	0
Addiction support	1,000 Mio.	393 Mio.	1.8 Mio.
Community health centres	4,300 Mio.	1,890 Mio.	0
Telephone counselling	3.2 Mio.	3.2 Mio.	2.6 Mio.
Association work	1,100 Mio.	865 Mio.	300 Mio.
Workshops for people w. disabilities	8,190 Mio.	3,473 Mio.	0
Total	105.213,6 Mio.	37.194,6 Mio.	828,2 Mio.
		= 35.4%	= 2.2%

As this overview covers 83.6 per cent of all employees at Caritas and Diakonia (*see Overview 63*), taking into account the other major areas of activity such as vocational training and employment support centres, technical colleges, residential homes, etc. – which have not been recorded in detail – a total turnover of around 44.5 billion euros for Caritas and Diakonia. As no significant church funds are channelled into these other areas of activity, the overall church share stands at 1.8 per cent.

However high the 828 million euros in grants may sound in absolute terms – and however impressive they may appear, not only to a 'layperson' – they still represent only two-thirds of the amount that Caritas and Diakonisches Werk should actually receive as membership contributions at the modest monthly rate paid to Arbeiterwohlfahrt (1.25 billion euros – *see Appendix VI. Membership contributions from Caritas and Diakonia*). In other words: whilst the churches regard Caritas and Diakonia as their own organisations, they do not even grant them the basic funding that, for example, Arbeiterwohlfahrt receives from its members.

Given the vast areas of activity into which absolutely no church funds flow, it is gradually becoming not just annoying, but

reflects on the moral character of the propagandists themselves, who, despite knowing better, claim the opposite.

"It is true that independent organisations and churches are free to establish and maintain social institutions. However, insofar as these are not integrated into the comprehensive state welfare system – that is, do not conform to state planning – they are denied access to the welfare state's sources of funding. As already noted, independent organisations and churches can only finance such entirely independent institutions in exceptional cases. As a rule, care homes for the elderly, social welfare centres, hospitals and nurseries are dependent on *co-funding* from the social welfare budget." [415]

Even the listing of a series of sums running into millions – with the conclusion that 'there can therefore be no question of the Church having its social services largely paid for by the state' [416]– cannot hide the fact that the well-meaning reader is being 'led up the garden path' here, as the opposite is true.

Such recurring representations are on a par with the view of the regional pastor of the Adult Education Centre of the Protestant Church in the Rhineland – who states: "We as a Church make a significant social contribution to the general public, utilising a considerable amount of our own funds." [417]

It is a matter of perspective. Since the turnover of the charitable organisations (around 45 billion euros) is more than five times as high as the revenue from church tax (8.5 billion euros), 10 per cent of church tax – in relation to Caritas and Diakonia – accounts for less than 2.0 per cent of their funding. That said, however, the reference point 'church tax' is in itself a deliberately misleading choice, as the correct reference point would be 'church revenue', which – including other income and earnings from interest, fees, etc. – is around twice as high as church tax (around 17 billion euros). Accordingly, only 5 per cent of church budgets is spent on Caritas and Diakonia. This practice of using incorrect reference figures appears to be systematic.

Furthermore, the calculated 828 million euros from church funds is presented in a way that is highly favourable to the churches, as the reality – for example, the experiences of the Diakonische Werke – has looked much bleaker for years:

'This share of church allocations has fallen sharply since 1997: in the regional association of the [Diakonisches Werk] by 26 per cent (1997: 2,097,060 euros to 2003: 1,555,100 euros), and in the [Diakonia] relief organisation by 18 per cent (1997: 1,802,560 to 2003: 1,482,000). In total, the Regional Church Office in Kiel transferred just under 3.9 million euros to Diakonia Hamburg in 1997; for 2003, the figure is almost 900,000 less."[418]

And the current situation has become even more unfavourable:

"In 2002, the funding made available to the Diakonisches Werk Schleswig-Holstein – Landesverband der Inneren Mission e.V. by the North Elbe Church was further reduced. Consequently, over the past reporting period, a decline in grants of a further 185,000 euros was recorded compared with the previous year alone. The grants from the Nordelbische Kirche have thus reached a level that will not ensure the continuation of all services."[419]

However, in view of these grants from the churches – which, whilst important to the organisations, are only marginal in terms of their scale – reports such as: 'Church's financial crisis causes concern in the [Hamburg] Senate. Deputy Mayor warns of collapse of social services' [420]have no factual basis. In this context – namely, the proportion and nature of church contributions to the total turnover of Caritas and Diakonia – the political justification set out in the Federal Government's subsidy reports for the tax deductibility of church tax paid against wage and income tax has since proved to be substantively outdated.

'Deduction of church tax as a special expense. a) [Date of introduction and objective] 1925/1939: ecclesiastical policy considerations, whereby the idea of favouring expenditure for ecclesiastical purposes (see also the later provision of Section 10b of the Income Tax Act (EStG) on the deduction of donations) is also likely to have been of significance. b) [Time limit] indefinite, c) [Statement] The deduction of church tax as a special expense should be retained the with regard to the social responsibilities undertaken by the Church.."[421]

It would only be politically logical if this reasoning were taken seriously and the tax deductibility of church tax were abolished.

V.3. Investments

Unlike staff and operating costs, investments involve the acquisition of assets and property. Whilst there is no conflict regarding the principle that the state should assist the churches and their charitable organisations, there are certainly differences of opinion in individual cases. One report may illustrate this:

"The Protestant Diakoniewerk in Neuendettelsau must now repay 380,000 DM [i.e. 3.5 per cent] of the just under 11 million DM. As the premises at Bruckberg Castle (owned by the Diakoniewerk) were no longer sufficient for the special school, a new building was constructed almost entirely at the state's expense. The castle rooms that have now become vacant could be put to other uses following renovation. From this, the district

that, had the castle continued to be used, the new building could have been smaller, and demanded the return of 380,000 as 'value compensation'. The Christian social welfare organisation took the matter to court and lost. (Ref: AN 16 K 85 A 1640)" [422]

In general terms, this means that investments are granted (only) for specific purposes and proof of how the funds were used must be provided. Furthermore, neither side gives anything voluntarily. Nowhere are there boundless funding pools, and experience within the Regional Church of Württemberg also confirms the saying 'money is the root of all evil': with regard to the allocation of funds from the compensation fund to support *building projects* in *parishes in need*, it states:

'The question of whether applicants are in need of assistance remains: [But] even an outstretched hand and loud complaints say nothing about 'whether this parish is in fact poor and in need.' [423]

The original idea behind the funding of investment costs did not actually concern the provider itself but rather was that the investment costs – which are refinanced via depreciation in the daily rates, care rates and facility costs – should be reduced through state grants, so that the costs to be paid by recipients of lower incomes or pensions when using the facility would be easier to afford. The coverage of investment costs varies across different sectors. Investments in hospitals are state-funded within the hospital plans, whilst for family holiday centres, the investment costs are funded on a one-third basis by the federal government, the state and the provider respectively. For care homes for the elderly, grants are awarded to non-profit organisations – with the privately financed investment costs then being passed on to the care rates.

The impression that is sometimes given – that the associations of independent welfare organisations finance their social care facilities 'selflessly' – and that the money is then tied up in the buildings and gone – is simply false. As with any standard commercial property, the investment costs are recouped through the service charges.

A clear example is provided to illustrate this principle (*Overview 159*). This concerns the care rates for care level '0' for a place in a care home run by the municipal organisation *'Pflegen und Wohnen'* in Hamburg. The average monthly care rate is 1,575.37 euros – ranging from 1,469.59 euros to 1,820.63 euros, i.e. a difference of 351 euros. This care rate '0' includes the costs for accommodation and meals (the so-called ("hotel-

costs") and the capital costs. The capital costs taken into account vary from 141.15 to 531.74 euros, i.e. a difference of 390.59 euros.

Overview 159: Care level '0' and capital costs

Care centre	*Care level '0'*	*Capital costs*	*Accommodation and meals only*
1. Auf der Uhlenhorst	1,820.63 euros	531.74 euros	1,288.89 euros
2. Wilhelmsburg	1,745.20 euros	299.94 euros	1,445.26 euros
3. Groß Borstel	1,671.88 euros	219.63 euros	1,452.25 euros
4. Farmsen	1,616.52 euros	201.99 euros	1,414.53 euros
5. Holstenhof	1,571.50 euros	183.13 euros	1,388.37 euros
6. Altona	1,556.90 euros	203.81 euros	1,353.09 euros
7. Alsterberg	1,531.95 euros	141.15 euros	1,390.80 euros
8. Marienthal	1,526.56 euros	187.69 euros	1,338.48 euros
9. Bahrenfeld	1,525.56 euros	209.90 euros	1,315.66 euros
10. Moosberg	1,523.44 euros	215.68 euros	1,307.76 euros
11. Oberaltenallee	1,512.48 euros	156.66 euros	1,355.82 euros
12. Lokstedt	1,511.88 euros	170.66 euros	1,341.22 euros
13. Heimfeld	1,471.41 euros	184.65 euros	1,286.76 euros
14. Horn	1,469.59 euros	184.65 euros	1,284.94 euros.
'Average'	*1,575.37 euros*	*220.81 euros*	*€1,354.56*.

Source: http://www.pflegenundwohnen.de (September 2004).

It is therefore out of the question that the operator of a care home for the elderly (residential and nursing care) is financing any investments in the sense that they will not be recouped.

The only dilemma for the associations of independent welfare organisations – which can only be hinted at here – is their agreed 'non-profit' status, which means they are not permitted to make a profit. The small, 'permitted' surpluses then go into the 'reserves'. There are, however, institutions – such as the Catholic Liebenau Foundation – which do indeed generate profits quite actively and which would also be prepared to 'consider' losing their non-profit status if this were to enable an 'increase in the economic efficiency of social work'.[424]

Public funding of the investment costs of welfare organisations has, however, led to a situation that has now politically 'turned the relationship between the state and welfare organisations on its head'.

"The fact that, in almost all areas of social policy of significance, the churches and the "independent welfare organisations" provide over half of the capacity and the associated staff cannot be changed overnight. And this is not because the state could not (any longer) bear the costs, but solely because the churches – particularly in the last 45 years – have consistently acquired ownership of land and

buildings. They have usually obtained the land at preferential rates in particularly favourable locations. Where they were not fully reimbursed for the costs of the buildings, they received substantial grants. They are therefore now the owners of these facilities, which they have acquired for the most part using funds made available to them by the public authorities at the expense of all taxpayers – including those without religious affiliation. The churches have literally bought up the public welfare system with public funds."[425]

And there is one further peculiarity worth mentioning. For it could well be that state authorities might come up with the peculiar idea that what the state has paid for also belongs to the state. However, such an idea could hardly be put into practice, as, according to prevailing legal opinion, church institutions are, on the whole, protected by Article 140 of the Basic Law in conjunction with Article 138(2) of the Weimar Constitution, and the state must observe a 'prohibition on secularisation'.[426]

Digression XVI: Reconstruction in the East

In the individual fields of activity, it had been noted on several occasions that – although to a significantly lesser extent than in the Old Federal States – the Diakonisches Werk in particular is represented in the New Federal States considerably more frequently than would correspond to its share of the population belonging to that denomination.

Even if – due to the 'widespread' state institutions – one might occasionally get the impression that there was no Caritas or Diakonia in the GDR, this would be a mistake. And sometimes it becomes more apparent in the 'new federal states' what is 'old federal states' is no longer so visible. For example, for all an 'investment programme for care facilities, with an 80 per cent federal contribution' was launched in the 'new federal states'. Take Berlin as an example: there, in order to 'bring care provision in the eastern part of the city up to the same standard' (2001), 38.97 million euros were spent on this; 46.34 million euros were earmarked for 2002 and a further 37.65 million euros for 2003.[427] Beneficiaries included the care homes run by the Protestant *St Elisabeth Foundation* (€1.2 million), the *Protestant Deaconess House Berlin-Teltow* (€3.8 million), *St Joseph's Hospital* (€6.6 million), two care homes for the elderly run by *the Diakoniewerk Bethel* (€7.7 million and €7.2 million) and one run by *the Graf Schwerin Forschungsgesellschaft in der Diakonia mbH* (€5.4 million). What is remarkable about these organisations – care homes for the elderly in East Berlin – is the fact that they predominantly originate from the West.

Similarly, in 1992, for example, it was striking that, of the funds allocated by the Ministry of Social Affairs in Saxony, three-quarters of the state funding for residential homes for people with disabilities went to the Diakonisches Werk, as 36 of the 57 funded retirement and nursing homes were under the umbrella of the Diakonisches Werk. (The then Saxon Minister for Social Affairs, Hans Geisler, had previously been head of a laboratory at a deaconess hospital and is a member of the Synod of the Protestant Church in Saxony.)[428]

The principle here was not only that existing individual facilities were 'brought up to standard' – that is, modernised or taken over – but also that large property complexes and run-down sites were transferred to denominational ownership or control and then renovated, restored, modernised, converted and extended using public funds. Two examples of this are the *Diakoniewerk Kloster Dobbertin gGmbH* and the *Schönholzer Heide Foundation*.

Diakoniewerk Kloster Dobbertin gGmbH

Founded around 1220, the former Dobbertin Monastery (east of Schwerin) is 'one of the most beautiful surviving monastic complexes in Mecklenburg. Set in charming countryside, picturesquely situated on the shores of the lake of the same name, nestled within a parkland setting amidst the far-reaching fields, meadows and woods of the Schwinzer Heide, the monastery still exudes the magic of harmonious architecture today. The church, with its twin towers, is visible from afar as a landmark." [429] It is regarded as an architectural and archaeological monument of supra-regional significance.

In 1572, the monastery was converted into a noble ladies' convent, until it passed into state ownership in 1918. In 1942, refugees and resettlers were housed in the monastery; by 1945, it had become a Russian 'barracks' – Soviet soldiers were quartered there. "The building structure sustained damage; fires and the subsequent looting in 1947, following the withdrawal of the occupying forces, destroyed a great many historical artefacts." In 1947, the convent became a regional old people's home and nursing home; since 1961, it has served as a follow-up care facility for the Schwerin District Psychiatric Hospital. At that time, "550 people lived there in very cramped conditions in buildings that were in danger of falling into disrepair".

- In 1991, the Diakoniewerk was founded, "an organisation for the care and support of people with disabilities". Its shareholders are:*Vorwerker Diakonia Lübeck e.V.* (50 per cent), *the Diakonisches Werk of the Protestant-Lutheran Regional Church of Mecklenburg e.V.*, and the church districts of Parchim and Wismar.

- In 1992, the restoration work began with the aim of immediately safeguarding the building's structure. With the support of the 'Friends' association', donations, it was possible to preserve several smaller, historically valuable monastery buildings and put them to good use.
- In 1994, a new workshop complex was completed.
- By 1997, with funding from the *German Federal Environmental Foundation,* "the north façade of the monastery church had been fully restored and the stained-glass windows in the chancel were protected by installing protective glazing".[430]
- 'On 27 May 1997, the state government of Mecklenburg-Western Pomerania approved the cabinet proposal for the comprehensive restoration of the Dobbertin Monastery complex Dobbertin. Work will be carried out over the coming years to implement this decision in stages. A great deal has been achieved in recent years in the restoration of the historic buildings, but there is still a long way to go to restore the interior and exterior of the monastery complex, including the church, to such a standard that every visitor can once again experience a piece of Dobbertin's monastic history." A maximum budget of 50 million DM was set for this purpose.
- In 1998, a commercial kitchen with a dining hall was brought into operation.
- In 1998, the Diakoniewerk received a grant of DM 1.8 million for the expansion of the *School for Independent Living* as an independent school under.
- Between 2001 and 2005, the outdoor facilities of the school for pupils with disabilities were redesigned "to create a representative space offering a high quality of environment". (The cost of this landscaping amounts to approximately 220,000 euros.)
- In 2003, renovation work on the south façade of the monastery church continued. In the meantime, the restoration of several late-Baroque and Classicist 'Damenhäuser' has also been completed. Work has begun on the restoration of the cloister building, and the elaborate restoration of the four-winged cloister and the refectory is scheduled for completion by the end of 2006.

"The substantial costs are being met, amongst other things, by grants from the Ministry of Social Affairs, Finance and Agriculture of Mecklenburg-Western Pomerania, the Ministry of Education, Science and Culture of Mecklenburg-Western Pomerania, and by a number of foundations."[431]With these public funds and substantial donations from visitors and private sponsors, modern residential places for 285 people with disabilities, a state-recognised school, a workshop for people with disabilities and a vocational training centre have been created, amongst other things. The total expenditure for the conservation in accordance with heritage standards, restoration , modernisation and extension of the (residential)

buildings is estimated by the managing director of the Diakoniewerk, Hans Hopkes, at DM 49.2 million (€25 million), and thus remains within the scope of the Cabinet proposal. The entire church renovation, including the cloister, is not included in this figure – the church belongs to the state of Mecklenburg-Western Pomerania and is funded (separately) by the state. Furthermore, the workshop building had already been completed before 1997.

At the start of 2004, eleven care homes for the elderly and disabled belonging to *the 'Johann Hinrich Wichern' Diakonia Association* (Greifswald / Vorpommern), which had 'run into financial difficulties', were taken over and integrated, meaning that the *Diakoniewerk Kloster Dobbertin* now employs 1,100 staff members across 38 locations, operating 48 facilities and services.

The background to this grouping of care homes for the elderly and people with disabilities sheds significant light on the self-understanding of diaconal work. When the *Wichern Diaconal Association* ran into financial difficulties, one of the main priorities of the Pomeranian Protestant Church and Synod was 'the preservation of the facilities under church sponsorship'. The Diakoniewerk Kloster Dobbertin took over the residential care homes for people with disabilities and the elderly, whilst the service organisation Diakoso was also transferred to Dobbertin. […] The debt counselling centres were handed over to Caritas, which is also taking on the staff. […] The three nurseries run by the Wichern Association were taken over by the Greifswald District Diaconal Association […]. Addiction support services and their staff […] now form part of the Protestant Addiction Support Service of Mecklenburg. Only the marriage, family and life counselling services in Bergen (Rügen) were discontinued; alternatively, the AWO agreed to continue providing these counselling services, as well as pregnancy conflict counselling."[432]

The *Act on the Financing of the Reorganisation of Tasks under the Federal Social Assistance Act and Other Social Regulations (Social Assistance Refinancing Act – SozhfinanzG M-V)* of 17 December 2001 explicitly lists (as an annex to Section 2) a number of large (care) institutions for which the districts receive a calculated amount in advance. The following organisations are named as providers (by group): 8 x the Diakonia (Pommerscher Diakonieverein Zussow e.V., Diakonieverein des Kirchenkreises Stargard e.V., Diakonieverein des Kirchenkreises Güstrow, Diakoniewerk im nördlichen Mecklenburg gGmbH, Evangelisches Diakoniewerk 'Bethanien', Diakoniewerk 'Kloster Dobbertin' gGmbH, Christophorus-Diakoniewerk gGmbH and the Diakonieverein 'Johann-

Hinrich Wichern' e.V.), 1 x the 'Deutscher Paritätischer' (Hestia Pflege- und Heimeinrichtung GmbH), 1 x 'Lebenshilfe' (Wismarer Werkstätten GmbH), 1 local authority provider (Ostvorpommern district) and 1 private commercial operator (Kursana). Funding is provided to diaconal organisations on eight occasions and to other organisations on four occasions. This represents two-thirds for the Diakonia, despite the Protestant population accounting for 19.3 per cent.

Schönholzer Heide Foundation

The 'Schönholzer Heide' in Berlin-Pankow comprises the buildings of a care home for elderly people in need of assistance; City Councillor Krug had bequeathed the funds for its construction to the City of Berlin in 1927. Around 300 people lived there until 1945. After the war, the complex was used by the Red Army and later (with a new building added) served as the boarding school for the SED's Karl Marx Party College.[433]

Following reunification in 1990, not only did overcapacity in the care sector become apparent, but, in favouring non-profit and private organisations, the Berlin Senate was prepared to hand over previously municipal facilities to private or non-profit organisations. For example, the *Albert Schweitzer Foundation* [434]was also established in Weißensee.

- In March 1994, the State of Berlin and the Diakonisches Werk of the Protestant Church in Germany agreed to jointly establish a foundation under civil law.
- With the support of the Berlin Senate, renovation and extension work on the seminar and training rooms of the Diakonisches Academy of the Diakonisches Werk of the EKD.
- On 15 April 1996, the Diakonisches Werk of the Protestant Church in Germany and the State of Berlin established *the Schönholzer Heide* Foundation. The State of Berlin contributed the land and the buildings to the foundation. "The original purpose of the self-contained residential complex is to be restored." The foundation's purpose is: "The establishment and operation of care homes for the elderly, serving to accommodate older people and those in need of care, primarily from the Pankow district, as well as the provision, offering and delivery of further services supporting care for the elderly, insofar as funds are available."[435]
- Since 1996, travellers have also been 'warmly welcomed' to the (former new boarding block of the Party University and now) modern guest house / hotel of the Diakonische Academy have also been 'warmly welcomed'. And the establishment's brochure states: 'We are also happy to

advise you on all matters relating to tourism and to arrange cultural activities and city tours for you." And as the building does not have a particularly illustrious past, it is emphasised: "You will be staying with us in one of the city's most sought-after villa districts." The hotel has 48 single rooms and 18 double rooms and is a member of *the Association of Christian Hotels* (VCH).

- The official opening of the Diakonische Akademie took place in 1997.
- In 1998, a non-profit organisation was founded; the conference centre is known as *Diakonische Akademie Deutschland gGmbH*.
- Ninety flats suitable for the elderly were completed in five buildings.
- Another user of the site is the Protestant St Elisabeth Foundation (a member of the Diakonisches Werk), which operates.
- "The site borders Pankow's Bürgerpark and the Rosengarten, and the centre of Pankow is nearby. There are also plenty of green spaces. These are maintained by [unemployed] young people who are trained as gardeners through *the Spok youth project*. In another project, the *Kiezküche*, others learn the trade of chef or hotel manager. They cook for the tenants who wish to make use of this service."[436] And this *Kiez gGmbh* runs the 'Partner Restaurant' for the guest house/hotel, as well as managing the banquet hall. Both are part of *the Bildungsmarkt group of companies*, a member of the Paritätischer Wohlfahrtsverband.
- On the foundation's premises, a 'Centre for Care, Further Training and Practical Research' is being established (funded by the federal government) as a federal model project of the Federal Ministry of Health (with additional funding from the TV Lottery, the State of Berlin and the Software AG Foundation), the "Centre for Care, Further Training and Practical Research" is being established on the foundation's premises, within the framework of which new approaches to the care of people with dementia are being explored.
- The Chairman of the Board of *the Schönholzer Heide Foundation* is Gerhard Raith from the Diakonisches Werk der EKD e.V. in Stuttgart.

Summary

There is certainly no question of different laws being applied in the New Federal States than in the Old Federal States – however, the 'need to catch up' and the abundance of run-down properties on offer make the structures of investment financing more apparent. On the other hand, it is clear that it is not so much 'the people in the East' who know how to secure public funds, but rather that it is predominantly western organisations which have expanded eastwards, either in their own name or through (invisible) partnerships, and are snapping up 'bargains' there. Perhaps a small castle?

A successful drug treatment programme such as Schloss Zahren in Mecklenburg – a social-therapeutic halfway house run by the Blue Cross's addiction support service (Protestant, Diakonisches Werk) – financed (in 2003) its investments through contractual agreements that provided for a *flat-rate investment contribution* per place per day. With 28 places in the main building (7.17 euros per place per day) and 12 places in the annexe (7.17 euros per place per day), this facility generates – even when it is merely on standby, i.e. when there are no clients present – 287 euros per day and 104,682 euros per year in investment grants.

Should the impression have arisen that this is a purely 'Protestant phenomenon', this is not the case. To give just one example: *Caritas Sozialwerk Dresden e.V.* was 'founded' in 1990 by western organisation operators and the DiCV. Today, in addition to the DiCV, the Liebenau Foundation, the Tilbeck Foundation and the St Josef Congregation of Ursberg are members of the association. The Liebenau Foundation is responsible for its management.

V.4. Fixed assets and capital assets

V.4.1. Fixed assets

'Interest and income from assets' normally also form a fixed component of own funds within total revenue.

In a comprehensive study on independent welfare organisations, the revenue structure of independent welfare services in 1996 (albeit incomplete) is presented as follows: around 90 per cent of revenue came from public budgets, 10 per cent from payments by private households and 1 per cent from funding body grants. With regard to 'subsidies from funding bodies', it is expressly noted: 'Income of the independent welfare organisations
[independent welfare organisations, C.F.] from their own assets could not be determined."[437] So the organisations are in a rather poor state. However,
the Director of Finance for the Diocese of Würzburg insists vehemently:

'It is essential that asset management systems be established and managed in accordance with the size of the individual institutions, associations and organisations. This becomes all the more important given the potential loss of state subsidies and the certain reduction in income, particularly in the Church's tax sector. Funds must be generated for church-run providers so that they can continue to offer the wide range of social services." [438]

But how is one supposed to manage something – assets – that one does not even have? Yet the diocese's finance director is surely more credible – he will surely know his Caritas.

The European Commission also shares the financial director's view: "With regard to the economic significance of charitable associations and foundations, the Commission points to the considerable assets accumulated there", although the author notes: "It should be noted – and not merely in passing – that there are no reliable figures on the assets mentioned."[439]

Fixed assets (1)

The Caritas Association puts the value of fixed assets within the Caritas Association at 124 billion euros.[440] If this calculation is also applied to the Diakonisches Werk, then the latter has fixed assets of around 105 billion euros; together, this would amount to 229 billion euros in fixed assets for both organisations.

Some may now object that this is a 'naive calculation', as the value of these fixed assets was calculated on the basis of average space costs of 100,000 euros per bed/space; in other words, this figure merely reflects the current (theoretical and average) 'replacement value'. The problem, however, lies rather in the fact that average figures always involve deviations both upwards and downwards, as a 'hospital bed' in a 'highly specialised' specialist hospital can easily 'cost' up to 500,000 euros. A more nuanced estimate of the total fixed assets of the social welfare facilities operated by the independent voluntary welfare sector in 1984 arrived at a 'new investment value' of 72.2 billion euros (141.2 billion DM) and, assuming 'average depreciation periods and normal replacement investments', a 'present value' of around 36 billion euros (70 billion DM).[441] As this calculation is also based on the number of places/beds – which, from today's perspective, were, however, significantly underestimated,[442]this would represent fixed assets with a replacement value of around 27 billion euros for Caritas (38 per cent of all places) and around 17 billion euros for the Diakonia (23 per cent of all places). The 'market value' would then be around 14 billion euros for Caritas and 7 billion euros for the Diakonia.

By contrast, another cautious and detailed valuation of the 'market value' of Caritas's facilities alone [443] is in the region of 31 billion euros.

As early as 1966, the 'replacement value' of the Diakonisches Werk's fixed assets was stated as 4.8 billion euros (= 9.4 billion DM), and the spokesperson for economic affairs at the Diakonisches Werk's head office proudly declared at the time: 'With its institutions, the Protestant Diakonia possesses assets equivalent to those of the BASF Group, and thus generates a "turnover" comparable to that achieved by the Bosch Group or the Karstadt department stores.' [444]The 'current' property value of the institutions[445] is likely to be in the region of 24.4 billion euros in total.

Based on these calculations, Diakonia and Caritas together would have a property value of 55 billion euros for their institutions, which is almost exactly a quarter of what would be considered the actual 'replacement value'.

However, some might object that this, too, is a pointless calculation, as these facilities – almost all of which have been consistently subsidised or fully funded by public money – are subject to a long-term *earmarking of funds* and are therefore not available to the organisations as disposable assets. It is true, in so far as the case, that in the event of a sale, negotiations would have to take place with the relevant state authorities as to whether and how much of the grants should be repaid. It is undisputed, however, that these facilities are owned by the two denominational associations and thus also have a completely different political significance. In negotiations with local authority bodies, the charitable organisations are always in a stronger position, because if they were to declare their intention to close the facilities, the local authority would be unable to take over the facility under its own management, as it would have to purchase it from the current operator – the charitable organisation to which it formally belongs – which, however, cannot be financed (again). That is the real purpose of the 'lost' grant.

A further problem in capturing this sector in a manner that comes close to reality lies in the fact that around a quarter (27 per cent) of charitable organisations are *foundations*, which are not obliged to disclose information and are therefore discreet. The exception is the Catholic Liebenau Foundation, a non-profit organisation running numerous social

services in the fields of support for people with disabilities, care for the elderly, education and Healthcare services at around 50 locations in Baden-Württemberg and Vorarlberg. Founded in 1870, with 5 subsidiaries, 2 associated companies and around 3,770 employees. The *foundation's assets / equity* amounted to around 323.18 million euros in 2002. The *turnover* of the Liebenau Foundation Group amounted to 187 million euros in 2002.[446]

In a study by the *Maecenata Institute* on 'operational foundations', the Catholic *Liebenau Foundation* and *the Protestant Neuerkerode Foundation* (1,100 employees, 100 per cent funded by the state, a member of the Diakonia, no published annual reports) were compared, and regarding the financial transparency of the Liebenau Foundation, it was noted that this transparency 'amounts to a breach of taboo for many'.[447]

Similarly, the almost complete shift – driven within the Caritas sector – from the traditional form of a charitable association to the legal form of a *non-profit limited liability company (*gGmbH*)* provides no new information; rather, the opposite is true. As the gGmbH acts solely as the operator of a facility – paying rent for the premises, for example – the actual owner of the facility is no longer personally liable with their assets in the event of a deficit in the gGmbH. This means that the gGmbH can be used strategically to separate the sponsoring body from the operator and to keep the actual asset holder hidden from public view – both in terms of their liability and the actual scale of their assets – due to the lack of a duty of disclosure. Furthermore, regardless of how highly one values these fixed assets in the form of facilities, under no circumstances – from the associations' point of view – should the impression arise, or indeed be claimed, that they are thereby wealthy.

'Given the scale of the tangible assets deployed in independent welfare organisations as described, the impression might now arise – and this impression is not infrequently artificially fuelled – that an independent welfare organisation in which such vast amounts of assets are concentrated must be immensely wealthy, even if only around 20–30 per cent of half the replacement value could be regarded as so-called net assets. In fact, however, the nature of these assets, their financing and the conditions under which they are utilised mean that the very opposite of this preconception is true:

a) firstly, it must be assumed that all the tangible assets of the independent welfare sector constitute so-called 'social assets', i.e. assets earmarked exclusively for social purposes;

b) the more assets of this kind [...] the greater is not only the social obligation assumed by the general public but also the responsibility [...], a burden [...].

c) These burdens and risks are all the more pressing,

1. the higher the proportion of debt financing of this social capital [ ],
2. the less the depreciation factored into user charges (care rates) is sufficient to cover the ongoing debt servicing [...].“[448]

This line of argument is varied and repeated almost like a constant ‘litany of beliefs’:

“The distinctive nature of this asset base is practically the reverse of what assets mean for capitalist corporations. The tangible assets of independent charitable organisations – that is, hospitals, care homes for the elderly and youth welfare facilities – cannot be traded on the market as a flexible pool of assets. The main building owned by a non-profit organisation, which operates, for example, a nursery there, cannot be sold with the intention of making a profit, because the ‘market’ wants to run a McDonald’s restaurant at that location for a good price. A care home is a care home; a nursery is a nursery.“[449]

The Protestant health economist Steffen Fleßa has recently refuted such claims in a very vivid and hopeful manner.

“Just a few years ago, these were purely book assets, as it would generally have been almost impossible to find a buyer for them. Nobody was prepared to invest in the purchase of a care home or a hospital, as these organisations promised little or no return on investment.

That has changed. Social institutions are allowed – indeed, they are expected – to make a profit. For example, hospital funding has been deliberately restructured so that economically viable hospitals can generate profits. Church-run hospitals, too, have posted profits in recent years, whilst others have suffered losses – something that was previously unthinkable. The possibility of making a profit is attracting commercial operators to the market.

This development is not entirely to be regretted. Where commercial competition arises, there is room for negotiation when it comes to sales! It is becoming possible to sell retirement homes, hospitals, care services, facilities for people with disabilities, etc., at a profit. Whilst a few years ago these assets could not be realised, today the sale of such facilities could raise millions, perhaps even billions, as start-up capital for new charitable services.“[450]

So, let’s leave it at that. In addition to the ‘facilities’ considered so far as ‘unprofitable special-purpose assets’ dedicated to social purposes, the charitable organisations indisputably have further fixed assets that do not fall under this category.

Fixed assets (2)

In contrast to the so-called ‘special-purpose assets’ (fixed assets 1), which are held in the facilities of Diakonia and Caritas, and

which is also publicly visible thanks to the sign clearly displayed next to the door, matters now become somewhat less transparent. This refers to the non-earmarked property and land assets, which stated, for example: 'Income from assets [in 2001] remained unchanged from the previous year at 24 million DM. The reduction in interest income, caused by developments on the money and capital markets, was offset by an increase in rental and lease income."[451] 'Rents' refers, amongst other things, to residential and commercial properties, whilst 'leasehold income' refers, for example, to forest and land holdings.

The number of properties not included in the Diakonia and Caritas facility statistics is not publicly known. In this regard, the two denominational organisations are even more secretive than their 'parent churches', for which, at least, land holdings were counted and which (at least in part) also counted their properties.

However, a couple of years ago, two people with in-depth and intimate knowledge of the welfare sector made some unofficial comments on the matter. Hubert Oppl, at the time a professor at the Catholic University of Applied Sciences in Benediktbeuern and financial administrator for the Franciscan Sisters in Reute, said of Caritas's dire situation: "Those who are rich must not go begging. They have an enormous property portfolio." Friedhart Hegner, a management consultant for organisations including Diakonia and Caritas, commented on the question of the assets held by the two denominational organisations: "It's a hot topic; as the state is moving away from providing basic funding for these organisations, they mustn't appear wealthy, but have to play hide-and-seek." And when asked: 'Is it true that the charitable organisations are Germany's second-largest property owners after Deutsche Bahn AG?', he replied: 'One might well think so. Munich's Caritas alone owns houses, flats and plots of land worth 328 million marks [= 168 million euros] – the legacy of a long-gone era of crisis-proof faith, when well-to-do Catholics bequeathed their possessions to Caritas."[452]

It would be nonsensical to extrapolate total figures now on the basis of such still sporadic data. Therefore, here are just a few illustrative figures, which nevertheless make it clear that there is indeed a significant amount of 'unencumbered' fixed assets.

Caritas's head office alone reports a total of 32.6 million euros (DM 63,804,784.08) for fixed assets in its 1998 balance sheet under 'land, rights equivalent to land and buildings' as well as 'assets under construction'[453] and, as at 31 December 2001, a total of 35.9 million euros (DM 70,306,729.52).[454]

For the Diakonisches Werk der EKD e.V. (i.e. the head office) in Stuttgart, however, such figures – which (as I have been assured) are of course available there – are "not available to the public". They are reserved exclusively for members. It takes a certain degree of discontent, i.e. particularly vexing behaviour, for figures from the Diakonia to be made public.

For instance, it emerged in 2003 that the president of the Diakonisches Werk in Bavaria, newly elected in 2001, had moved into 'a large official residence in an upmarket part of Fürth', which the Diakonisches Werk (which was in financial difficulty) had purchased for just under 500,000 euros. The Protestant Regional Church of Bavaria (which insisted on a strict austerity programme) had contributed 250,000 euros through 'asset reallocations', and the Diakonia had contributed just under 250,000 euros from its capital reserves. It was asserted that the purchase of the property was "within the bounds of what is customary", and the Diakonia President – who, with the DW Bavaria annual motto "Values. Living Together", sought to emphasise "that a shared commitment to certain values, such as solidarity with the vulnerable, is a defining foundation for the success of a community" [455]– pointed out that it was a matter of personal importance to him, and that he had been promised, "to live in an environment in which he 'feels at home'". In this respect, he is no different from his predecessors. He also points out that the purchase of the flat, with a 'gross living area of over 200 square metres', together with the church's grant to the DW, results in a substantial 'increase in assets'. Therefore, one can confidently say that, in this project, the Diakonia Regional Office has handled the funds entrusted to it in a responsible manner."[456]

Fixed assets (3)

Securities form part of the other fixed assets. A single legal entity, the Caritas headquarters, reports the value of its securities as at 31 January 1998 at 46.7 million euros (91.4 million DM) and as at 31 December 2001 at 42.9 million euros (84.0 million DM). The *Bank für Sozialwirtschaft* reports (as early as 1995) 1,289 client custody accounts held with the bank, with client securities transactions totalling 494 million euros (966 million DM).[457]

V.4.2. Capital assets

'Capital assets' might sound as though profits have been set aside – but a non-profit organisation may not be profit-oriented

operate on a profit-driven basis, so the term 'reserves' is preferred. But whatever you call it, the purpose of this capital is to remain untouched and to grow. As the Caritas Association's head office writes: 'The gap between income and expenditure is widening ever further. Such a trend means that deficits can only be covered by drawing on reserves and thus by depleting assets. This is financially irresponsible.'[458] For, in terms of scale, this amounts to nothing more than 'a certain amount of financial assets, which is usually just sufficient to maintain the organisations' liquidity'.[459] So, it cannot, therefore, be a very large sum.

This 'certain amount of financial assets' then becomes a problem in a different context. In connection with the funding of the Federal Working Group's activities through grants from the relevant federal ministry, it had been assumed that this constituted 'shortfall financing' – i.e. the covering of a shortfall that remains when the grant recipient cannot cover the expenditure through its own or external funds, and which therefore requires full disclosure of the recipient's financial and economic circumstances – and the Federal Audit Office promptly criticised this:

"A constant source of conflict is the treatment of the sometimes substantial reserves held by the umbrella organisations. The Federal Audit Office demands that income from bank deposits and securities, as well as certain assets not required to maintain liquidity, be used to reduce the grant rather than to build up reserves.'[460]

These reserves are held by the welfare organisations precisely where any ordinary citizen would 'safeguard' their capital: at a bank. What is remarkable here is that the umbrella organisations united within the Federal Association of Independent Welfare Organisations (Bundesarbeitsgemeinschaft der Freien Wohlfahrtsverbände) own their own bank, the *Bank for Social Economy* (BfS). It is there that at least part of the 'parked' capital assets is visible.

Founded in Berlin in 1923 by the then League of Independent Welfare Organisations as the 'Hilfs-kasse gemeinnütziger Wohlfahrtseinrichtungen Deutschlands GmbH' and taken over after the war by today's umbrella organisations, its shareholders are the Caritas Association (33 per cent), the Diakonia (33 per cent), AWO, DRK and DPWV (11% each) and the Central Welfare Office of the Jews in Germany (1%). The BfS has only ten branches and 'primarily serves the independent welfare sector as a specialist and principal bank but is also open to private companies in the social and healthcare sectors.'[461] 'Every year, it grants interest-free loans

(1998: around 20 million DM) from funds provided by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. This revolving loan fund has a total volume of around 340 million DM and runs until 2045."[462] Converted into a public limited company in 1997, the first capital increase of 5 million DM to 55 million DM took place in 1998, with a number of religious orders holding (non-voting) shares in the bank.

Speculation that such a bank could also be used for the purpose of multiplying money on the fringes of legality does not appear entirely unfounded. Like most church banks, the *Bank for Social Economy* has also set up 'special funds' – closed-end funds – for its clients, about which it states:

"For prospective investors with an investment volume of DM 10 million or more, the Bank for Social Economy offers a special form of asset management: a special fund tailored precisely to your investment needs. ( ). Advantages: Valuation advantages: By accounting for the value of the fund units yourself, a balance is struck within the fund's assets between write-downs and hidden reserves of the individual securities."
"The securities within your fund's assets may be reallocated repeatedly without you being subject to suspicion of commercial activity, i.e. without your charitable status being jeopardised." [463]

This is worded in a very convoluted manner, but nevertheless suggests the possibility of tax evasion, as this 'commercial' behaviour is in fact subject to tax.

The non-visible part of the capital assets of the umbrella organisations and their members consists, on the one hand of client custody accounts held with the Bank für Sozialwirtschaft and, on the other hand, of accounts held by members of the welfare organisations at other credit institutions. For example, in 2001, for donations (earthquake victims in India, January 2001 / Elbe floods, August 2002), members and organisations of the independent welfare sector specified an account with the BfS on three occasions and other accounts (Postbank and Deutsche Bank 24) on three occasions; in 2002, the BfS was specified four times and other accounts twice.

Bank account details for donations	*(1.2001)*	*(August 2002)*
Workers' Welfare Organisation	*Bank for Social Economy, Cologne*	*Bank for Social Economy, Cologne*
Caritas International	*Postbank, Karlsruhe*	*Bank for Social Economy, Karlsruhe*
Diakonisches Werk	*Postbank Stuttgart*	*Postbank Stuttgart*
German Red Cross	*Bank for Social Economy, Cologne*	*Bank for Social Economy, Cologne*
Johanniter	*Bank for Social Economy, Cologne*	*Bank for Social Economy, Cologne,*
Malteser	*Deutsche Bank 24*	*Deutsche Bank 24*

Source: http://www.tagesschau.de/archiv/2001/01/26 and http://www.hochwasser-spenden.de

Although it can be assumed that other organisations – and not exclusively members of the welfare associations – also hold accounts with the BfS, the proportion of 'external' non-profit clients is considered to be negligible.

What is actually remarkable (see *Overview 160)*, apart from the approximately 2 billion euros held by the BfS as client deposits, is the annual increase in this capital. Whilst in the good years between 50 million and 100 million euros were 'put aside' each year, it was the Elbe flood disaster in 2002 that once again brought a flood of money into the accounts.

Overview 160: Customer deposits at the Bank für Sozialwirtschaft 1997–2002 (TEuro) Liabilities / Year

	1997	*1998*	*1999*	*2000*	*2001*	*2002 .*
Customer deposits	1,680,433	1,721,250	1,738,841	1,744,988	1,751,910	2,063,939
Bonds	22,762	31,206	100,799	119,121	114,122	102,459
Total	1,703,195	1,752,456	1,839,640	1,864,109	1,866,032	2,166,398
Change (absolute)	*–*	*49,261*	*+ 87,184*	*+ 111,653*	*+ 1,923*	*+ 300,366*
Change (per cent) –		*2.9%*	*5.0%*	*6.1%*	*0.1%*	*16.1%*

Source: Bank for Social Economy: Annual Reports for the relevant years

In addition, some of the institutions run by denominational welfare organisations hold their accounts with one of the five Protestant or one of the five Catholic church banks in Germany, in which, as of 2002, a very substantial sum of around 22 billion euros in capital was held. As the exact figure is not known – and even if it were, the proportions of these balances are subject to banking secrecy – this reference should suffice.

Finally, here is an example of a legal entity. For the year 2001, the headquarters of the Caritas Association reports capital and investment assets totalling 183.5 million euros (359.1 million marks) in its own balance sheet alone. Even though only a small proportion of these capital assets belonged to the Caritas Association e.V. itself – the vast majority consisted of donations and project allocations – they nevertheless generated interest income of 8.8 million euros (17,265,749 DM) for the association's head office.[464]

V.5. Summary

Caritas and Diakonia – The Unknown Giants

When asked whether she was familiar with Caritas and Diakonia, an elderly lady replied: "Oh yes, they're those lovely parish nurses with their white caps, which they hold in place with hair clips, and they're the ones who deliver meals on wheels, aren't they?"

The church-affiliated parish nurses the elderly lady recalled no longer exist; they have been replaced by social services centres funded on a fee-for-service basis. However, amongst younger respondents – and particularly in the eastern federal states – these two denominational welfare organisations remain largely unknown. And even when people are aware of them, their actual scale remains obscure, and the two major established churches are credited positively by the public and in political circles with doing so much good for society through their two 'social welfare organisations'.

Employees

In terms of staff, Caritas (499,313) and Diakonia (452,244) together report around 951,600 full-time employees. However, the number of people employed by the two organisations (and in their associated organisations) is considerably higher, as – according to figures from the Health and Social Care Occupational Safety and Health Association – the total for Caritas (715,697) and Diakonia (732,355) is 1,448,100, which is around 500,000 more staff (496,495) than the two organisations themselves report. The organisations themselves do not count trainees, those performing community service, those undertaking a voluntary social year (FSJ), pupils at their vocational colleges, and so on – all of whom are subject to social security contributions – amongst their employees. Consequently, however, the number of people working under the special denominational labour law is presented as smaller than it actually is.

Furthermore, these discrepancies highlight the existence of a network of religious organisations associated with the institutions which, whilst not members of the Caritas Association (such as the Kolping Society), nevertheless regard themselves as deeply religious in nature.

Each of the two associations employs more people in Germany than the German automotive industry (Daimler-Chrysler, VW and BMW), which together report a total of 434,574 employees in this regard.

Independent Welfare Organisations

Within the Federal Association of Independent Welfare Organisations (AWO, Caritas, Paritätischer, Red Cross, Diakonia, Zentralwohlfahrtsstelle), which employs 1,321,900 people, Caritas and Diakonia, together accounting for 72 per cent of the workforce (951,557), are the absolute heavyweights that dominate the association's work. The Federal Working Group (BAGFW) is regarded as an oligopolist that exclusively controls the sector of so-called 'independent providers' in the health and social care sector.

Matrix

The Federal Working Group has created a *parallel structure* to state institutions within the health and social care system, one that requires funding.

Through their idiosyncratic interpretation of the principle of subsidiarity, the 'independent organisations' – and in particular Caritas and Diakonia – secured a 'right of way' from 1961 through to the 1990s, which entrusted an ever-increasing number of sick and vulnerable people in Germany to the two denominational associations.

Denominational status

The constitutional peculiarity that, in Germany, it is left to the churches to organise and administer 'their affairs independently within the limits of the law applicable to all' raises the question of which institutions and organisations 'belong' to the church's 'affairs' and which do not.

Even though, from a formal legal perspective, this question has so far been left to the churches themselves to determine what belongs to them and what does not, the expectations of staff at denominational organisations point towards a substantive *'de-confessionalisation'*, whereby aid and care need not be grounded in ecclesiastical or Christian principles. As their activities have expanded, these organisations have lost their denominational character.

If one disregards the signs bearing crosses, both organisations are now, for the most part, indistinguishable from other 'secular' associations. Only around one-tenth of staff members still meet the church's requirements for 'their' organisations.

Areas of activity

The BAGFW accounts for 49 per cent of all staff in childcare centres, 59 per cent in other youth welfare services, 54 per cent in residential care homes and 56 per cent in community care services. Caritas and Diakonia operate *nationwide* across all fields of activity and in all German regions. The general principle applies: the more rural the area, the more denominational the organisation, right up to the point of a monopoly.

Turnover

Caritas and Diakonia's annual turnover from 'Christian charity' in 2002 amounted to around 45 billion euros (Caritas: 25 billion euros, Diakonia: 20 billion). This is more than BMW's global turnover (42.3 billion), just under three times that of Lufthansa (16.9 billion) and more than the Deutsche Post group generates (39.2 billion).

The largest sectors within the activities of Caritas and Diakonia are hospitals (17.8 billion), residential care homes for the elderly (7.7 billion), childcare centres (3.8 billion), workshops for people with disabilities (3.5 billion) and organisational work (0.9 billion).

'Church quota'

Both in terms of the legitimacy of church tax and the reputation of the two established churches, their respective 'social welfare organisations' are of central importance as a justification and an 'expression of the Church'. Not only do the two churches repeatedly emphasise – both implicitly and explicitly – how much of the church's funds are channelled into this work, but this view is also widely held amongst the general public.

In total, the two major established churches allocate around 828 million euros to Caritas and Diakonia. At first glance, this sounds like a considerable sum, but in fact it represents only 1.8 per cent of the funding that Caritas and Diakonia currently manage. Incidentally, these church funds are channelled (almost exclusively) into three areas: *childcare centres* (376 million) – where the children of church tax payers are brought up –, to *organisational work* (300 million) – where denominational 'health policy' is pursued – and to *counselling services* (146 million) – which ensure that those receiving counselling also find their way into the residential facilities run by the two organisations.

Furthermore, if church members were to pay the same (modest) annual contribution via their church tax as the members of the AWO pay for their organisation (24 euros per year), the two organisations would already receive 1.25 billion euros in membership fees.

Investments

The construction of Caritas and Diakonia's residential facilities is financed either entirely (e.g. hospitals, addiction clinics) or predominantly (e.g. nurseries, care homes for the elderly, convalescent homes, family holiday homes) by tax revenue from the federal government, the Länder and local authorities. Through these facilities, Caritas and Diakonia have now amassed a property portfolio whose replacement value currently stands at around 230 billion euros; for this reason alone, it could no longer be 'taken over' by the state.

Finances and Assets

When it comes to the transparency of their finances and assets, both organisations – particularly the Diakonisches Werk – are even more secretive and reticent than the two churches.

In recent years, this secrecy has become even more pronounced, as both the state and the churches are increasingly withdrawing from the 'basic funding' of the organisations, and financial issues have therefore become 'highly political'.

However, the available information and evidence show that neither organisation is 'struggling to make ends meet'.

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Tables and overviews

1 Members of the LIGA ... 21
2 LIGA staff ... 22
3 BGW (Occupational Health and Welfare Services) ... 24
4 Association/Group Comparison (International – I) ... 29
5 Association / Group Comparison (North Rhine-Westphalia) ... 29
6 Association / Group Comparison (International – II) ... 30
7 Association / Group Comparison (National) ... 30
8 The importance of independent charitable welfare organisations ... 33
9 Employees of the BAGFW associations, of whom at Caritas and the Diakonisches Werk ... 34
10 Facilities / services provided by LIGA, Caritas and the Diakonia ... 35
11 Places / beds at LIGA, Caritas and the Diakonisches Werk ... 35
12 Total salaries and wages at LIGA – 1979 – 1990 – 2002 ... 36
13 Changes in LIGA's total wage and salary expenditure ... 36
14 'Full-time staff' of the LIGA associations – 1979 – 1990 – 2002 ... 37
15 Changes in the number of 'full-time staff' at LIGA ... 37
16 BAGFW employees by association and federal state, 2002 (in absolute figures) ... 38
17 BAGFW employees by association and federal state, 2002 (as a percentage) ... 39
18 Association staff / population in the federal states (absolute figures) ... 40
19 Employees of the associations by federal state and association ... 41
20 State grants to the state working groups of the umbrella organisations of independent welfare services ... 47
21 NRW: grants to the organisations affiliated to the Working Group of the umbrella organisations of independent welfare services organisations, 2003 ... 47
22 Grants from Warendorf District to the associations of welfare organisations, 2002 ... 48
23 Totals for approved applications from *Aktion Mensch*, 2003 ... 50
24 Proceeds from the ARD television lottery 2000, 2002, 2003 ... 51
25 Investments funded via the German Caritas Association ... 54
26 Thuringia: State grants from state lotteries and sports betting ... 55
27 The oldest foundations still in existence in Germany, 2000 ... 59
28 The 15 largest institutional foundations in Germany, 2000 ... 60

29 Diakonisches Werk Baden: Total donations for charitable purposes in Germany, 1998–2002 64
30 Extract from the Lower Saxony fundraising schedule for 2003 66
31 Collection proceeds for diaconal causes at the Baden Diaconal Society 68
32 Volunteers in the independent welfare organisations 71
33 Charitable or social engagement 72
34 Grants for recruiting volunteers 74
35 How much does a person performing community service cost? 76
36 Civil service placements by umbrella organisations, December 2003 77
37 Federal and state grants to organisations running the FSJ 79
38 Funding for the Voluntary Social Year 80
39 Employees in job-creation schemes by organising body . 82
40 General funding for welfare organisations within the BAGFW 89
41 Cost savings for welfare organisations 90
42 Visibility of the Christian background in practical work 94
43 Caritas and Diakonia employees by federal state and denomination 98
44 Denominations of staff at the Diakonisches Werk 99
45 Religious affiliations of staff at the Diakonisches Werk 100
46 Religious affiliations of Diakonisches Werk staff / federal states 100
47 German Caritas Association: Staff / Baptism / Church membership 101
48 'What should Caritas be like?' 103
49 Full-time staff of the German Caritas Association 1950–1990 104
50 Employees of the Protestant Johanneswerk in 1960, 1972 and 1990 104
51 'What should Caritas be like? What is Caritas like in everyday life?' 105
52 Key figures for the German Caritas Association 132
53 Facilities / Places – Beds / Staff of the German Caritas Association in 1999, 2001, 2003 – respective changes 133
54 Staff of the German Caritas Association by full-time / part-time 1999, 2001, 2003 – respective changes 133
55 Full-time staff at the German Caritas Association 1999, 2001, 2003 134
56 Key figures for the Diakonisches Werk 135
57 Facilities / Places – Beds / Staff at the Diakonisches Werk in 1998, 2000, 2002 – respective changes 136
58 Staff of the Diakonisches Werk by full-time / part-time 1998, 2000, 2002 – respective changes 137
59 Full-time staff at the Diakonisches Werk 1998, 2000, 2002 137
60 Areas of activity / facilities 142
61 Areas of activity / Places – Beds 143

62 Sectors / Employees ... 143
63 Fields of activity described / Proportions ... 144
64 Service recipients / Age groups in residential care facilities in 2002 ... 148
65 Care homes for the elderly and disabled 1991–2001, number / providers ... 149
66 Care homes for the elderly and disabled 1991–2001, places / providers ... 150
67 Care homes for the elderly: total number of places ... 151
68 Care homes for the elderly and people with disabilities, 1991 ... 152
69 Care homes for the elderly and people with disabilities, 2001 ... 153
70 Changes in care homes for the elderly and people with disabilities 153
71 Care homes for the elderly, 2001, by type of accommodation ... 154
72 Number of care homes / operating body / federal states ... 155
73 Number of care places / operating body / federal states ... 156
74 Federal states, population / care homes / care places by operator ... 156
75 Residential care homes by number of places / provider, 1999 ... 157
76 Population / Care places ... 157
77 Subsidies for full-time residential care from the care insurance fund ... 158
78 Residential care homes for the elderly run by the DW and the DCV ... 163
79 Retirement homes and sheltered accommodation ... 164
80 Advice centres / staff of the BAGFW, 2000 ... 175
81 Counselling centres / staff of the Caritas Association, 2001 ... 175
82 Counselling centres / staff of the Diakonisches Werk, 2000 ... 175
83 Counselling centres / staff at BAGFW / Caritas / Diakonia ... 175
84 Average proportions of funding sources by type of organisation / services provided by the Caritas Association (in %) ... 177
85 Caritas Association institutions / services by number of employees / weighting of shares according to the wage cost factor for full-time staff ... 177
86 Caritas Association institutions / services / weighting by percentage shares / number of employees / wage cost factors ... 177
87 Average proportions of funding types by type of facility / services provided by the Diakonisches Werk (in %) ... 178
88 Facilities / Services of the Diakonisches Werk by number of employees / Weighting of shares by wage cost factor (full-time equivalents) ... 178
89 Institutions / services of the Diakonisches Werk / weighting by percentage shares / number of employees / wage cost factors ... 179
90 Funding of the DCV and DW counselling services ... 179
91 Child and youth welfare facilities by provider, 1994 / 2002 (excluding childcare centres) ... 182

92 Available places in child and youth welfare services by provider, 2002 (excluding day-care centres) ... 182
93 Day-care centres for children, number of centres 1994 / 2002 ... 185
94 Day care centres for children, number of places in 1994 / 2002 ... 185
95 Day-care centres for children in Germany, 1994 ... 187
96 Daycare centres for children in Germany, 2002 ... 187
97 Providers of childcare centres in the federal states, 2002 ... 187
98 Daycare centres for children (1994 / 2002), former / new federal states ... 188
99 Expenditure and revenue for childcare centres, 2002 ... 189
100 Purely state expenditure on childcare centres 1991–2002 ... 190
101 Funding of denominational childcare centres, 2002 ... 191
102 Hospitals in Germany by operating body – 1990, 1998, 2001 ... 195
103 Hospitals in Germany by operating body – Old / New Federal States, 1990 ... 196
104 Hospital beds in Germany by operating body – 1990, 1998, 2001 ... 196
105 Hospital beds in Germany by operator – Old / New Federal States, 1990 ... 197
106 Hospitals / Hospital beds / Staff, Germany, 2001 – Total / Proportions accounted for by Caritas and Diakonisches Werk ... 197
107 Hospitals / Hospital beds / Staff, Germany, 2001 – Independent non-profit organisations / Proportions by Caritas and Diakonisches Werk ... 198
108 State funding for hospitals in Germany, 2002 ... 201
109 Hospitals in Germany by operator / federal state, 2001 – Proportion of organisations in the federal state ... 202
110 Hospitals in Germany by operator / federal state, 2001 – Proportion of the federal state per operating body group ... 203
111 Hospital beds – 2001 / Proportion of operators in the federal state, 2001 ... 203
112 Trends in the number of hospital beds: 1990, 1998–2001 ... 204
113 Facilities recognised by the Müttergenesungswerk by operating body / number of places ... 210
114 East–West distribution of establishments / places and associations ... 211
115 Investment funding for the Gussi-Adenauer House ... 214
116 Average funding for mother-and-child sanatoriums of the DCV, 2000 ... 216
117 Average funding for denominational mother-and-child sanatoriums ... 216
118 Basic charges for patient transport and emergency ambulance services ... 219
119 Trends in expenditure on transport costs ... 219

120 Community nursing stations within the German Caritas Association 223
121 Social care centres / Caritas care centres 223
122 Providers of outpatient care services, 2001 225
123 Services provided by outpatient care services by provider 226
124 Revenue of a social care centre by 'source', 2000 227
125 People in need of care, by care service 227
126 People in need of care receiving support, by provider group, 2001 228
127 People in need of care receiving outpatient care, 2001 228
128 Outpatient care services by federal state and provider, 2001 229
129 Outpatient social care services provided by DCV and DW 230
130 Drug and addiction support budgets in Germany, 2000 235
131 Funding for outpatient addiction support services, 2000 237
132 Funding structure of psychosocial counselling centres, 2001 237
133 buss members by association, organisations, places, percentages 238
134 FV Sucht member organisations 239
135 FV Sucht and buss member organisations, by group 240
136 Organisations not affiliated to specialist addiction associations 241
137 All residential facilities by provider, places and groups 242
138 Earmarked income by type of income and proportionate share of total funding within the 'Telephone counselling' area of responsibility, 1984 246
139 Telephone Counselling Service of the Protestant City Church 247
140 (Preliminary) estimate of the costs of telephone counselling in Germany based on the Protestant telephone counselling service in Cologne 248
141 Weighted averages / costs of telephone counselling 252
142 Staff in central services / associations 256
143 Federal grants for central measures 259
144 State grants (extract) 259
145 Section 4 'Social Services' of the Diocese of Eichstätt, 2003 260
146 Income of the Diakonisches Werk's head office, 1983/1984 262
147 Operating Budget I of the headquarters of the Caritasverband e.V. 263
148 Profit and loss account of the German Caritas Association (Deutscher Caritasverband e.V.) – 1997, 1998, 2000, 2001 264
149 Proportion of sheltered workshop employees with specific disabilities 267
150 Trends in wages in sheltered workshops from 1994 to 2002 268
151 Workshop places provided by BAG:WfbM members, 2001 268
152 Number of workshop employees, 1994 to 2001 269

153 Accredited workshops / employees (2001/2002) 270
154 Workshops and facilities for adults with disabilities / Places provided by the Diakonisches Werk / Caritas 270
155 DCV and DW – facilities / places / employees by sector 273
156 Self-help groups and staff at the DCV and DW 305
157 Caritas volunteer groups and self-help groups 306
158 Areas of activity and their 'church share' (2003) 310
159 Care level '0' and investment costs 314
160 Customer deposits with the Bank for Social Economy 1997–2002 330

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199 Curanum AG: *Annual Report 2002*, p. 17.

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201 Curanum AG: *Annual Report 2002*, p. 21.

202 Association of Private Health Insurers (PKV): *Statistical Report 2002/2003*, p. 39.

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[217] Figures based on the most recent statistics from the Diakonisches Werk (2002) and the Caritas Association (2003).

[218] In the GDR, all railway station missions had been closed down by the state in 1956.

[219] According to a statement by the managing director of *the Association of German Protestant Railway Station Missions*, Reverend Traugott Weber.

[220] *Annual Report* of the Düsseldorf Railway Station Mission 2002, p. 4, section 2.4 Finances.

[221] 'Bahnhofsmission', *WDR*, 20 October 2001.

[222] 'The Angels of Zoo Station', in: *Junge Freiheit* Nos. 52 and 53/1998.

[223] April 2002, available at: http://www.hempels-ev.de/archiv/no72/missionhusum.php.

[224] Diakonisches Werk Hessen Nassau: *Annual Report 2002*, p. 68 ff. ('Bahnhofsmission').

[225] Freiburg City Mission: 'Our Appeal for Donations', in: *Von Wegen*, 2/2002, p. 18.

[226] http://www.kirchenkreis-paderborn.de/aktuell/Kreissynode11.Juli2003Bruchhausen.htm (p. 2).

[227] http://www.sanktjohannes.de/body-bahnhofsmission.html.

[228] *Evangelischer Pressedienst Südwest*, press release 1482 of 9 December 2003.

[229] *Chemnitz City Social Report* 2001, p. 8.

[230] **Frankfurter Rundschau**, 17 September 2003, p. 23.

[231] *Rhineland-Palatinate Budget 2002 and 2003*, Budget Line 06 02, Titles 684 46 and 684 53.

[232] *Hamburg Budget 2003*, Product Area 4, Title 684.01.

[233] *Hamburg Budget, 2003*, Annex 2, Grant Report 2001, p. 47.

[234] *Frankfurt am Main Budget 2003*, Product Area 18, Subgroup 18.2. Railway Station Mission.

[235] *State Capital of Kiel: 2003 Budget*, Section 4, p. 292.

[236] *Free State of Saxony: Budget 2003/2004*, Section 08 04, Title 685 76 / 6.

[237] *Report by the Diakonisches Werk of the EKD*, 2nd session of the *9th Synod* of the EKD (2–7 November 1997, Wetzlar, item 3.1.2. 'New partnership between railway station missions and Deutsche Bahn').

[238] Statement from the regional office of the Protestant Railway Station Mission of Württemberg.

[239] Estimate by the Managing Director of the *Association of German Protestant Railway Station Missions*, Reverend Traugott Weber.

[240] DiCV Rottenburg, press release of 5 December 2003: 'IN VIA is affected by cuts amounting to approximately 30,000 euros; this corresponds roughly to one post or a small railway station mission'.

[241] North Elbe Protestant-Lutheran Church: *Budget for the financial years 2002/2003*, budget item 2600.00 (p. 88) and explanatory notes (p. 143).

[242] Based on unrealised rental income for the railway station mission's premises averaging 2,000 euros per month (2,000 × 12 months × 99 stations = 2,376,000 euros) plus energy and cleaning costs, which certainly amount to 500 euros per month per station.

[243] Federal Association of Independent Welfare Organisations (Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e.V.): *Independent Welfare Organisations* – Profile and Services. Freiburg, 2002, p. 141.

[244] http://www.vrr.de/Innovation/bahnhofsmission.htm.

[245] *Chemnitz City Social Report* 2001, p. 7.

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247 Joachim Wiemeyer: 'Economic Challenges for Church Welfare Organisations', in: Karl Gabriel (ed.): *Challenges Facing Church Welfare Organisations*, Berlin 2001, p. 142.

248 Reinhard Witschke (Director of the EKiR's Social Welfare Department): *'Financial Issues – Spiritual Matters in the Church and* Diaconia', in: http://www.ekir.de/Diakonia/akteull/vortrag-cottbus (2000).

249 Central Advisory Service (ZBS) Hanover: *Annual Report 2003*, p. 34. (Emphasis in the original)

250 Federal Statistical Office: *Statistics on Child and Youth Welfare. Expenditure and Revenue 2002*. Wiesbaden, April 2004, Table 4. Expenditure and Revenue in Youth Welfare.

251 Federal Statistical Office: *Statistics on Child and Youth Welfare. Day-care centres for children as at 31 December 2002*. Wiesbaden, 2004, Part III.1, Tables 2 and 16.
It was not possible to ascertain why the Caritas Association reports more facilities but fewer places and staff than the Federal Statistical Office. The same applies to the figures provided by the Diakonisches Werk. Nor was it possible to clarify these discrepancies – or to do so only partially – any more than the differing total staff figures in chapter II.2.1., where the employers' liability insurance association reports figures that differ significantly from those of the two welfare organisations.

252 Reference date: 1 January 2000. Information provided by the Bavarian State Office for Statistics.

253 Rhineland-Palatinate: *Budget 2000/2001*, 09 03 Title 684 31 (new).

254 Federal Statistical Office: *Statistics from A to Z*: Expenditure and revenue of public youth welfare services, Wiesbaden, 16 March 2004, p. 2.

255 **Hamburger Abendblatt**, 10 July 2001, p. 11.

256 This 10 per cent is an average ranging from 12 to 8 per cent. The 'traditional' 20–27 per cent of operating costs that the providers (in the case of denominational providers, predominantly the churches) had to finance themselves has since been reduced to a provider contribution of 12 to 8 per cent following an increase in state subsidies.

257 Assuming 800 million euros in church funds for 'social services'.

258 Assuming a total of just under 500 million euros in church funds for their welfare organisations (cf. Adrian Ottnad et al.: *Zwischen Markt und Mildtätigkeit.* Munich, 2000, p. 75). The figure relates to 1996 and is likely to have fallen further since then.

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260 According to the Protestant Churches of Hesse-Nassau: *Annual Report 2000*, p. 80.

261 http://www.ekd.de/statistik ('Church finances').

262 http://www.Diakonia-baden.de.

263 38,502 staff members in 5,931 childcare centres. Diakonisches Werk: *Statistics on Day Care Centres for Children 1996*. Statistical Information No. 1/1997, pp. 5 and 19.

264 Adolf Bauer: 'Finances and the Funding of Welfare Services', in: Heinrich Pompey (ed.): *Caritas between Economic Efficiency and Humanity*, Würzburg, 1997, p. 184.

265 Federal Statistical Office (2000): Specialist Series 13, Series 6.4: *Expenditure and Revenue of Public Youth Welfare Services*, 1998, pp. 18ff.

266 Volker Neumann: *'Threats to Liberty in the Corporate Welfare State*. Legal Foundations and Legal Forms of the Financing of Independent Welfare Services', Cologne, 1992, p. 365.

267 Ibid.

268 'Where Faith Grows and Life Unfolds'. The Mission of Protestant Day-Care Centres. *A Statement by the Council of the EKD*. Hanover, March 2004. Chapter 15, points 3 and 9.

269 Caritas Association of the Archdiocese of Munich and Freising e.V.: *Annual Report 2002*, p. 10.

270 General hospitals and children's hospitals – excluding psychiatric clinics, Bundeswehr hospitals, hospitals operating solely on a private practice basis, and day or night clinics (see the second section, 'Specialist clinics', for further details). This distinction is necessary as the Federal Statistical Office compiles its data in this manner.

271 In its overall statistics for 2001, the BAGFW lists only 631 general hospitals run by independent welfare organisations, i.e. its member associations. If this figure were taken as a basis, the shares of Caritas and Diakonia among the independent non-profit organisations would be even higher.

272 See Chapter II.2.2. – Table 10. The figures given here are lower, as they are based on the Federal Statistical Office's hospital census, whereas the BAGFW counts all facilities.

273 According to the facility statistics of both associations, these comprise general hospitals and children's hospitals – excluding psychiatric hospitals, addiction clinics, other specialist hospitals and hospitals for the chronically ill.

274 Although it could not be clearly established whether the Federal Statistical Office's classifications correspond exactly to the figures from the two associations, the general trend is likely to be accurate.

275 Federal Statistical Office (2003), *Specialist Series 12, Series 6.3,* 2001, p. 15.

276 'What does the Church do with my money? Vicar General Dr Norbert Feldhoff provides answers', in: *Adventszeit*, newspaper for the Archdiocese of Cologne, special edition of the church newspaper for the Archdiocese of Cologne, (12/2003), p. 47.

277 http://www.kirchensteuer.de/krankenhaeuser.html.

278 *domradio* news of 18 March 2004, "Experts: No alternative to the church tax system at present".

279 The BAGFW's overall statistics list 395 specialist hospitals. However, as general hospitals were reported in comparatively smaller numbers in the same statistics, this will balance out overall.

280 For those wishing to explore this further, we recommend: German Hospital Association*: Hospital Planning and Investment Financing in the Federal States – as at September 2003* (available for download at http://www.dgkgev.de).

281 Brigitte Miller: 'Health Centres: Setting the Course for a Profitable Future', in: *Diakonia*. Theories – Experiences – Impulses. A magazine for managers, No. 2, April 2001, pp. 29–32, here p. 30.

282 Wolfgang Gern: 'Diakonia in the Market – Sell-off or Opportunity?', in: Diakonisches Werk Hessen Nassau: *Annual Report 2003*, pp. 11ff.

283 Tobias Jakobi: *'From a registered association to a public limited company: opportunities and risks of legal forms*', Frankfurt FHS St. Georgen, March 2003, p. 3.

284 Ibid., p. 7.

285 *Deutsche Ärztezeitung*, 11 March 2005, available at http://www.aerzteblatt.de/v4/news.

286 Statement by the MGW's managing director, Anne Schilling, regarding the MGW's total donations – a figure which, however, must be questioned, as it presumably refers only to donations received by the administrative office. The MGW did not respond to further enquiries on this matter.

287 Diakonia Korrespondenz 05/02: *The Image of the Diakonia*, p. 11.

288 See MGW: *Yearbook 2002/2003*, under 'denominational convalescent homes'.

289 http://www.oberpfalznetz.de/zeitung (report dated 29 July 2003).

290 http://www.kurkliniken.de (search: 'mother-and-child convalescent clinics').

291 CV Oberlausitz: *Annual Report 1998/1999*.

292 Caritas Bamberg: *Press release* dated 28 June 2000.

293 Data from the Federal Ministry's *'Facts and Figures' on statutory health insurance*.

294 Gussie Adenauer was the first wife of Federal Chancellor Konrad Adenauer (see http://www.bendorf-geschichte/bdf-0148.htm).

295 As stated by the Head of Finance of the North Elbe Regional Church, Senior Church Councillor Wichard von Heyden, during a discussion event on 25 November 2003 at the University of Hamburg's School of Economics and Politics.

296 http://www.muettergenesungswerk.de/beratungundvermittlung.

297 Federal Ministry of Health and Social Security: *Statutory Health Insurance, Claims and Days of Cover, 2002*. As at 30 September 2003.

298 Data from the German Red Cross (DRK) Ambulance Service, available at: http://www.drk.de/rettungsdienst.

299 The Johanniter: *Annual Report 2002*, p. 32.

300 Data from the ASB, available at: http://www.asb-online.de/In Keywords and figures.

301 Submitted by Malteser Hilfsdienst e.V.

302 The figures are based on the average figures from the Federal Ministry of Health and Social Security. KTW = 103.39 euros, RTW = 366.00 euros.

303 The Johanniter: *Annual Report 2002*, p. 30, themselves quote a figure of 113 million euros.

304 Protestant Church in Hesse-Nassau: *Annual Report 2002*, p. 14.

305 Josef Müller: 'Parishes and their social services', in: Heinrich Pompey (ed.): *Caritas: Balancing Economic Efficiency and Humanity*. Würzburg, 1997, p. 269.

306 Wolfgang Klug: *'Welfare Organisations between the Market, the State and Self-Help*'. Freiburg, 1997, p. 306.

307 Rhineland-Palatinate: *Act on Outpatient, Semi-Residential and Residential Care Assistance* (LPflegeHG – GVBl 1955, 55) Section 8(2).

308 Rudolph Bauer: *Welfare Organisations in the Federal Republic of Germany*. Weinheim and Basel, 1978, p. 224.

309 Daniel Wichelhaus / Volker Wendel / Peter Distler-Hohenstatt: 'Back in the black in future', in: *neue caritas* 8/2003, p. 18.

310 See Federal Statistical Office: *Report: Care Statistics 2001*, Results for Germany, p. 3.

311 Hesse Court of Auditors: *Press release* of 17 October 2002.

312 Daniel Wichelhaus et al.: 'Back in the black in future', in: *neue caritas* 8/2003, p. 18.

313 BAGFW: *General Statistics*, 3. Family Support, 3.4. Outpatient Social Care Services.

314 Federal Ministry of Health and Social Security: *Financial trends in social care insurance*. Actual results excluding accruals, 2002.

315 Federal Ministry of Health and Social Security: *Final accounts of statutory health insurance, 2002.*

316 Protestant City Church Association of Cologne: *Explanatory notes to the 2004 budget*, page E 2. (Emphasis added by me, C.F.)

317 Protestant-Lutheran Regional Church of Hanover: 'An Overview of Church Life', 5. Diakonia, III. Diakonia and Social Services Centre, pp. 120–121.

318 Rhineland-Palatinate: *Budget for 2002 and 2003*, Section 06, Foreword.

319 Dieter Thamm: 'Money Instead of Fine Words. On the Funding of Independent Social Welfare', in: Thomas Rauschenbach et al. (eds.): *From a Community of Values to a Service Enterprise*, Frankfurt 1995, p. 356.

320 *Federal Budget*, Federal Ministry of the Interior 2002, Chapter 06 40, 684 33.

321 Paul Siedow: 'The Role of an Addiction Clinic', in: **Diakonia**, Theories, Ideas, Experiences, October 1985, Topic: Protestant Addiction Support, pp. 46–53, here p. 46.

322 Horst Bossong: 'Quality assurance under conditions of maximum resource conservation – embedding addiction support within normality', in: Pittrich W. / Rometsch, W. / Sarrazin, D. (eds.): *Local Authority Addiction Support. Planning – Management – Funding.* (2003), p. 64. (Figures according to DHS [ed.]: Yearbook on Addiction 1999 ff.)

323 Federal Working Group of Independent Welfare Organisations: *Independent Welfare Organisations*, Freiburg, 2002, p. 139.

324 However, the number of facilities and places for addiction treatment in state-run regional hospitals or psychiatric hospitals could not be ascertained outside the two professional associations.

325 http://www.verwaltung.uni-freiburg.de/Service/intern/Infos/Rundschreiben/Sucht-flyer.

326 http://www.addiction.de.

327 Figures taken from: 'Statistics on telephone counselling in Germany in 2002', available at http://www.telefonseelsorge.de.

328 Similar to the telephone counselling service, there is also a *helpline for children and young people* (0800 111 03 33): *'Die Nummer gegen Kummer',* with 95 branches and (since 2001) a
parenting helpline (0800 111 05 50) with 41 locations, both of which are managed by *the Child Protection Association* and funded by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. The four-digit number is used differently depending on the region: in Hamburg, for example, 0800 1 11 04 44 is a helpline for the unemployed, whereas in Berlin it is a second helpline for children and young people.

329 Protestant Conference for Telephone Counselling and Open Door e.V. / Catholic Federal Working Group of Organisations Operating Educational Counselling Centres, Marriage, Family and Life Counselling Centres, Telephone Counselling and Open Door e.V.: 'The Future of Civic Engagement. Statement by Telephone Counselling in Germany', p. 1.

330 Heilbronn Telephone Counselling Service: *Annual Report 2002*, p. 2.

331 See http://www.telefonseelsorge-koeln.de ("Our Partners").

332 *Report by the Diakonisches Werk of the EKD*. 2nd session of the 9th Synod of the EKD (2–7 November 1997, Wetzlar), item 3.1.3 'Cooperation between Telekom and the Telephone Counselling Service' by Traugott Weber.

333 *Katholische Kirchenzeitung*. Weekly newspaper for the Archdiocese of Berlin, No. 8/98, 22 February 1998, p. 11.

334 'Telephone Counselling Service on the Brink of Closure', in: *Berliner Kurier*, Local News, 12 September 1998.

335 *2002 Annual Report* of Telefonseelsorge Berlin e.V., p. 7.

336 'Every second telephone counselling service at risk', in: *Tag des Herrn*, Vol. 47, No. 38/97.

337 See http://www.Diakonia-dresden.de.

338 Free State of Thuringia: *State Budget 2003/2004*, Epl. 08 24, Title 686 21.

339 Quoted from Ewald Frie: 'Catholic Welfare Culture in the Wilhelmine Empire: The "Charitasverband für das katholische Deutschland", the Vincentian Societies and "municipal social liberalism"', in: Jochen-Christoph Kaiser / Wilfried Loth (eds.): *Social Reform in the German Empire*. Stuttgart, 1997, p. 185.

340 Ibid.

341 Federal Working Group of Independent Welfare Organisations (ed.): *The Umbrella Organisations of Independent Welfare Organisations – Tasks and Funding*. Freiburg, 1985, p. 14.

342 State Framework Agreement, Section 93d(2) of the Federal Social Welfare Act (BSHG) with annexes, available at: http://www.lwl.org/LWL/Soziales/Sozialhilfe/Einrichtungen_der_Behindertenhilfe/Landes- rahmenvertrag.

343 Adrian Ottnad et al.: *Between the Market and Charity.* Munich, 2000, p. 45, note 54.

344 Caritas Association of the Archdiocese of Munich and Freising e.V.: *Annual Report 2002*, p. 18.

345 Viktor Wilpert Piel: 'Independent Social Welfare: Competition Policy Implications of the European Single Market', in: Helmut Brede (ed.): *Competition in Europe and the Fulfilment of Public Tasks*, Baden-Baden, 2001, p. 173.

346 Diakonisches Werk Hessen-Nassau: *Annual Report 2003*, p. 17.

347 Dieter Thamm: 'Money rather than fine words. On the funding of independent social welfare organisations', in: Thomas Rauschenbach et al. (eds.): *From a Community of Values to a Service Enterprise*, Frankfurt, 1995, p. 363.

348 Federal Working Group of Independent Welfare Organisations (ed.): *Independent Welfare Organisations* – Profile and Services. Freiburg, 2002, p. 67.

349 Volker Neumann: 'Legal Foundations of the Financial Relations between the Welfare State and the Diakonia', in: Wolfgang Lienemann (ed.): *The Church's Finances*, Munich, 1989, p. 293.

350 Information from the Federal Working Group on Workshops for People with Disabilities.

351 According to estimates by the Federal Association of Workshops for People with Disabilities.

352 *Labour Market 2002*, Official Bulletin of the Federal Employment Agency. Vol. 451, Special Issue, Nuremberg, 18 June 2003, p. 140.

353 Information from the Federal Employment Agency, May 2004.

354 Federal Statistical Office, Specialist Series 13, Series 2.1. (Social Benefits), Table B.1.1.

355 See BAGüS: *Comparison of key figures for supra-local social welfare authorities in 2001 and 2002*, p. 29 ff.

356 *Survey of current provision and needs – workshops for people with disabilities*, commissioned by the Federal Ministry of Labour and Social Affairs. Prepared by con_sens Hamburg, January 2003, p. 49, Figure 30.

357 *Report by the Federal Government pursuant to Section 160 of Book Nine of the Social Code (SGB IX) on the employment situation of people with severe disabilities* (Berlin 2003), p. 41.

358 Hans Flierl: Independent and Public Social Welfare, Munich, 1992, p. 102.

359 Communication from the Federal Employment Agency.

360 Federal Working Group of Integration Offices and Central Welfare Offices: *Annual Report 2002/2003*. Support for people with severe disabilities in the workplace, p. 19.

361 *The Fischer World Almanac 2000*, column 225: 'Hospitals and hospital costs 1995–1997'.

362 See Federal Statistical Office (ed.): *Data Report 1999*. Bonn: Federal Agency for Civic Education, 2000, p. 185.

363 Calculation: 104,916 beds × 365 days × 80.6% occupancy rate / 12.5-day length of stay = 2,469,219 patients.

364 Diakonia-Korrespondenz 05/2002: *The Image of the Diakonia*. Analysis of a telephone survey on awareness and importance, p. 6.

365 *Christophorus Gesellschaft gGmbH* is a member of the Diakonisches Werk Bayern and an associate member of the DiCV.

366 See, for further details*, Excursus XIV: Charitable 'Monopoly'.*

367 For further details, see *Excursus XVI: Reconstruction in the East,* 1. Diakoniewerk.

(368) Discussed in more detail in *Excursus XIV*, section XIV.4.

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