OCCASIONAL PAPERS: 8

PERSONAL WELL-BEING, SOCIAL VALUES AND ECONOMIC POLICY TOOLS:

INSTITUTIONAL INSTRUMENTS AND WELFARE SUPPORT

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FOREWORD

APS Bank promotes evaluations of economic and social issues in the Maltese Islands through the publication of its *Occasional Papers Series*. *Occasional Papers: 8 – Personal Well-Being, Social Values, and Economic Policy Tools: Institutional Instruments and Welfare Support* – presents two papers that were originally written by this writer for other fora.

The first paper expounds the role of APS Bank Group in terms of the Social Teaching of the Catholic Church. This century-old institution is inspired by the principles of efficiency, solidarity and subsidiarity in seeking to support personal and institutional empowerment in a fast-changing world of production, trade and political relations. The paper was initially prepared for a collection of readings entitled *Faith and Culture in Dialogue: Reflections on Contemporary Maltese Experience*. It was submitted before the financial turmoil the world went through in the fall of 2008. The underlying philosophy on which the APS Group is run has become entrenched even more following these events.

The second paper knows its inspiration to a different context. It was prepared as one of a series of background

documents for the Office of the Commissioner for Children in relation to Child Support Services in the Maltese Islands, in particular, the role of fostering and residential care. The themes revolve around the empowerment of individuals throughout their lifetime, but starting at the critical stage of infancy, and how this empowerment affects human and social well-being. Like the preceding paper, it examines the utility of institutions in attaining these important objectives and how failure to monitor the effectiveness of the institutions in place risk jeopardising the intrinsic fulfilment of human happiness and a society's moral, economic, and cultural development.

The two papers are being proposed in the Occasional Papers Series in order to widen readership and encourage discussion of the several themes taken up. There is a lot to be said about the respective subjects. And so this publication has to be interpreted as one input in the wide array of subjects that relate to the topics at hand. Public and Voluntary welfare support programmes demand periodic evaluation in terms of the basic philosophy that underpins them and in terms of changing demographic, social and economic conditions. Their ultimate aim remains the happiness of all. So an understanding of the complex network of relationships within a society and internationally can contribute towards approaching this possibly evasive objective. But it is worth the trouble to keep on trying, one generation after another.

The views expressed in the second paper are this writer's. APS Bank has no corporate view on the subjects raised. With regard to the first paper, the position is different. The views contained therein constitute the basic thinking of this financial institution. The paper

reflects the inspiration, aspirations and direction of the APS Group.

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Chairman, APS Bank

January 2009

APS BANK: AN INSTRUMENT OF CHANGE IN THE LIGHT OF CATHOLIC SOCIAL TEACHING

APS Bank was set up in 1910 as the *Cassa di Risparmio dell'Appostolato della Preghiera* by a group led by a Jesuit, Fr. Michael Vella. The responsibility to manage this saving financial institution was transferred to the Archdiocese of Malta in 1947. It was one instrument among several – these included mutual support groups, evening classes for craftsmen, recreational clubs, an emigration bureau and a printing press – to instil among the working classes of the time a consciousness of the social teaching of the Catholic Church.

Catholic social teaching developed from attempts to bring together divine purpose, human responsibilities and historical events. It evolved over time as the teaching responded to changing social and economic events the world over. The teaching departs from the person and message of Jesus Christ who did not offer any specific economic model but proclaimed the advent of the kingdom of God and people's redemption from sin. Christianity emphasised compassion and the dignity of the human being and labour.

In the past century, starting with Pope Leo X111's encyclical *Rerum Novarum* (1891) and revisited with Pius

X1's *Quadragesimo Anno* (1931), Catholic social teaching addressed a widening class of issues as it assessed the modern world. In the post-war period, in particular, the documents (*Mater et Magistra* (1961); *Pacem in Terris* (1963); *Gaudium et Spes* (1965); *Populorum Progressio* (1967); *Octogesima Advenies* (1971); *Laborem Exercens* (1981); *Sollicitudo Rei Socialis* (1987), *Centesimus Annus* (1991); *Deus Caritas Est* (2005)) became more universal in origin, spirit, scope and impact than ever before. They communicated a vision of the church as servant to humanity, a concern for the human person and human rights, greater emphasis on popular participation, and a more open acknowledgement of the historically conditioned character of human life and consciousness. Today's teaching reflects not just a European view and context, but also the ideas and perspectives of the Christian communities in other continents. (O'Brien and Shannon, 2004)

Catholic social thought is ongoing. It combines visions of satisfying man's economic needs, hence enterprise/ undertaking initiatives to create wealth, without losing sight of the community, therefore sharing/redistribution of the created wealth. Besides, the impulse to achieve self-realisation is seen leading to the desire to serve and transform the community in which one lives, a community that goes beyond national boundaries and encompasses all humanity. There is a continuous search for balance between one's self and the community, between the inner drive to share and the drive to possess, the urge to exploit and the call to respect others. Such ideas give rise to several models of economic organisation that reflect the relative weights that one wants to give to individual freedom, to the ability to make one's choices, and to a person's relation to society and, in turn, to society's rapport with the individual.

Striking a balance between production and distribution is an endless task that has to be resolved in a specific socio-economic context. The Maltese Islands represent a market economy that has recently adopted the rules of a single market (that of the European Union) and exchanged its own currency for the euro, the floating currency of a major economic bloc. Besides, the Maltese community is ageing: the share of sixty-plus is projected to grow from around 20% of population to circa 24% in two decades time and, if the present rates of natural increase persist, the population is expected to decline by around 23,000 persons by 2050, after recording a high of 424,100 in 2025 (National Statistics Office, Malta, 2008: 4). In addition, the dependence of households on public sector employment is gradually declining: there were around 45% of the gainfully occupied in the public sector in the early nineties; these have been reduced primarily through privatisation to one third. And, there is a reconsideration of the social contract, the understanding between the State and the Individual which conditions the transfer of control over resources from the private sector to the State in the knowledge that certain benefits will accrue to the individual or household in return. (Delia, 2006:27-46) Malta's welfare support system is extensive, particularly if aid, in cash and kind, to specific industries/sectors is included. A re-assessment of this approach to individual support systems represents a break with the past.

Thus, the aggregate tax ratio, a coefficient that relates the amount of aggregate tax revenue to the domestic value added per year, has been rising steadily: from a ratio hovering around the 30% level in the nineties to one approaching 40% over the years 2006-2010 (European Commission, 2008:31). The government, like other governments in the European Union, is committed to

balancing its annual budget by 2011, after having registered budget deficits since the eighties. This means that in addition to raising more revenue in taxes and charges, the government has to control/curb the expenditure outlays on its recurrent and capital budgets. Measures taken to implement such a policy may be considered beneficial from a resource allocation perspective; but they imply transferring more responsibilities on the individual. Therefore, such moves will be translated into relatively greater financial burdens than hitherto on households.

These shifts arise after the Gross Government Debt hit €3.3 billion in April 2008 and the government sold assets through a privatisation programme. It is projected that various initiatives will have to be undertaken in order to ensure that long-term age-related commitments, primarily in retirement pensions and medical care, will be rendered sustainable.(European Commission, 2008:42) These measures will extend the domain of the pricing system as a rationing device. Producers and consumers will have to adapt accordingly to this selection method, revealing their preferences for the level of service they are willing and able to buy or produce.

At the same time, government's role as a regulator of economic activity is becoming more focused. Efficient regulators seek to encourage fair trade dealings at any one time and anticipate changes that may be envisaged as a result of a country's international commitments. They contribute to the development of economic sectors in the context of international business. A world that is approaching a more competitive trade environment will exert pressures that many operators accustomed to trade in sheltered business contexts may find difficult to comprehend and to compete. Again, they have to be guided to face the 'rules' of open markets.

The market system operates efficiently where producers and consumers have the possibility of choosing goods and services. Such freedom reflects needs and willingness to exchange. Decisions are best made by informed individuals; the closer such decisions are to the ones that will avail themselves of the goods and services the more satisfied will individuals be. One can speak of implementing the *principle of subsidiarity* – responsibilities for decision making should be to the lowest possible level. At the same time, because of distributive considerations, and because the market structures may not necessarily be optimal, one has to emphasise also the *principle of solidarity*, collaborate to achieve ends that cannot be attained solely on an individual basis.

Several economic models have been implemented in Malta combining these two principles. Three of them, state ownership, workers' participation and co-operatives, have been introduced by government decree. They evolved top-downwards rather than bottom–upwards, with the result that experience left much to be desired.(Delia, 2006a:55-91) A fourth model, inspired by Catholic social teaching and propagated by the late Chiara Lubich, founder of the Focolare Movement, highlights the 'communion' aspect and man's innate drive to give rather than to take. It is aptly described as the Economy of Communion Model of production and distribution. (Delia, 2006b:3-26) Application of this model is still very restricted. Malta's production set up is marked by small enterprises, mostly family owned, but increasingly seeing foreign capital replacing State holding in key industries in finance and communications. It is in this evolving context that 'subsidiarity cum solidarity' motivated organisations must seek to operate.

According to Catholic social teaching (DCE, 2005), 'the just ordering of society and the State is a central

responsibility of politics…The State must inevitably face the question of how justice can be achieved here and now. Building a just social and civil order, wherein each person receives what is his or her due, is an essential task which every generation must take up anew … The Church cannot and must not take upon herself the political battle to bring about the most just society possible. She cannot and must not replace the State. Yet at the same time she cannot and must not remain on the sidelines in the fight for justice (par. 28 – a). There will always be situations of material need where help in the form of concrete love of neighbour is indispensable. The State which would provide everything, absorbing everything in itself, would ultimately become a mere bureaucracy incapable of guaranteeing the very thing which the suffering person – every person – needs: namely, loving personal concern. We (need) a State which, in accordance with the principle of subsidiarity, generously acknowledges and supports initiatives arising from the different social forces and combines spontaneity with closeness of those in need. (par.28b)

Moreover, 'the lay faithful, as citizens of the State, are called to take part in public life in a personal capacity. So they cannot relinquish their participation in the many different economic, social, legislative, administrative and cultural areas, which are intended to promote organically and institutionally the common good.' (par. 29)

This is a very demanding commitment. Over time, Catholic social teaching highlighted several key factors that shed an insight into the desired relationships in a community. These factors included the right to private property as of central importance to the family; such possession also implied social obligations (RN 5-7, 9-10, 35; QA 44-5, 49). And the role of the free market as an

efficient instrument for utilising resources and effectively responding to needs within a framework of law, religion and custom (CA 34, 35, 48). Initiative and entrepreneurial ability are also essential for creative human work (CA 32). Similarly, profits have a positive role; '(profit) means that productive factors have been properly employed and corresponding human needs have been duly satisfied' (CA 35). In short, social justice leads to the recognition of human rights to take private initiative, to property and to freedom of economic life (MM 109; LE 14; SRS 47, 48; CA 24, 30, 31, 43)

Besides, while the gains from prosperity ought to lead to the reduction of wealth/income inequality (MM 73), there was a continuing need for solidarity that extended beyond labour movements to social reforms with support coming from both state agencies and non-state organisations, primarily from families (CA 39).

The role of APS Bank has to be considered in the context of these positions. The Bank's memorandum is specific on what this institution cannot do: support activity that goes against the teaching of the Catholic Church. This condition was common to many institutions which were set up in European countries at the turn of the twentieth century; many of them were set up on the co-operative model. But it leaves open to the Bank's directors the identification of areas of activity that are inspired by the principles enunciated in the encyclicals. Indeed, the Cassa di Risparmio established in 1910 aimed at encouraging workers to save, thereby facilitating the future accumulation of wealth among the working classes. Supported by other measures, such an initiative would ease financial worries over time and enabled households to look to a more financially secure future (RN 2, 9-10, 41).

A similar role is undertaken by today's APS Bank in a different economic context. The bank's shareholding now includes the diocese of Gozo; together the shareholders provided the capital to establish the institution. But the resources that are lent or invested in securities belong to depositors. It is a combined operation – church institutions that decide on issues of capital, and individual persons or entities that provide the means that are applied to empower individuals/households or firms attain their objectives. This process is undertaken in a highly competitive environment, so the Bank seeks to attain efficient operations while ensuring the lowest cost possible to borrowers and a reasonable rate of return on the capital employed. Such returns are injected back into the community by the various Church organisations.

The Bank started operating as a commercial financial institution in 1991. It used monetary instruments with success to support depositors and borrowers, in particular mortgage holders, farmers and students. The policies pursued regarding the cost of capital to borrowers in several sectors instigated other financial institutions to re-assess their products. Many households benefited as a result.

But it even went further: its close contacts with various economic sectors indicated the need for an institution to accelerate the restructuring process to face tougher competition from abroad. In response, the bank set up APS Consult in 2006 to achieve this end. Through education and support networking this subsidiary will strive to enhance the resources in agriculture, welfare services and sports, thereby expanding in a concrete manner the significance of the term 'personal and institutional empowerment'.

APS Consult has already succeeded to set up a licensed Farm Advisory Service agency. It is collaborating with

specialised companies from several EU countries, including Maltese. Together they will facilitate the restructuring of the agricultural sector in the Maltese Islands in terms of the respective EU Directives for the sector. Agriculture in Malta is an economic sector that is fragile in terms of vision, manpower, and means. It has been losing out over the years in its relative importance in Malta's direct value added generation, with the more directly related set of activities accounting for around 1.5% – 2% of Gross Domestic Output. But it survived through a series of measures, focused primarily on import controls and direct subsidies, which are meant to be withdrawn as part of a transitional programme agreed upon before Malta's membership of the European Union. However, the sector suffers from an ageing farming/ herding community, relative dearth of investment in infrastructure and manpower, the absence of clear market orientation and an artificial pricing structure, including a zero price for scarce water resources that are tapped often illegally (Delia, 2005). APS Consult's involvement is a continuation of APS Bank's very positive collaboration with the sector in the past.

Besides, APS Consult will be also focusing attention of the streamlining of various services in the welfare sector, especially in activities where the Catholic Church has been involved for many decades. These include services for the elderly. Again, such contributions will be carried out in conjunction with other Maltese and EU entities, mainly non-profit organisations.

In addition, the Bank set up APS Funds Sicav p.l.c. in 2008 both to diversify services and also to introduce the selling of ethical funds in the Maltese Islands. Ethical funds are subject to demand that is based on the inherent values of respective social groups. Their sale has to

be preceded by the education of potential subscribers, whereby the specific differences between one such fund and another are clearly examined and explained. People's moral values, apart from their financial reward expectations, will determine which funds investors want to support. This is a fairly novel approach to investing one's savings; up to now, it seems that Maltese savers were rather heavily coupon-value biased. They will now be guided to search for other criteria besides the purely financial. Indeed, it will be even better if attractive financial results can be coupled to non-financial, ethical considerations.

All these activities demand commitment that is inspired by basic moral values. Contrary to what some commentators uphold (Vide, Consiglio, 2006:234), APS Bank is actively pursuing policies that are inspired by its social dimension, by its 'roots'in Catholic social teaching. The bank interprets its role today and in the upcoming future in terms of the needs of a people and a region in a globalised economy. Institutions are meant to be dynamic; as times change, so do the methods to reach one's objectives. These latter also may have to be adapted to reflect new challenges, using all the available tools to attain them. APS Bank started its life supporting specific groups in the population at the turn of the twentieth century in the absence of a wide intervention by the state in the welfare sector. Now it involves itself in a liberalised market framework, membership of the European Union, and an evolved welfare state that is being re-assessed in terms of both productivity criteria as well as income/ wealth redistribution objectives. Static, dated views of particular institutions have no place in such a scenario. The utility of an organisation arises from the unit's ability to anticipate change and respond in time to meet it.

APS Bank has simultaneously been searching for ways for strengthening social networking in the European Union with the aim of creating an effective chain of financial institutions that propagate sectoral development and micro-finance. It joined FEBEA, the Federation of European Banks and Alternative Financial Institutions set up in 2001 to educate and expand the practice of ethical finance in Europe and elsewhere. With Malta's adoption of the euro, some financial constraints that inhibited active participation in this group are now removed. For APS Bank, FEBEA reflects the spirit and implementation of the joint-principles of 'subsidiarity and solidarity'. It offers scope for active participation on a wider front, incorporating fair trade, micro-finance, protection of the natural environment, and cultural development. Solidarity-based choices in the economy are the subject of an on-going search for striking a balance between economic growth, rewards to factors of production and distribution, and a redistributing mechanism that enables those who for some reason cannot command sufficient resources to finance a basic basket of goods and services and, possibly, save for the future. (Council of Europe, 2005)

On the local front, APS Bank remains one organisation in a 'diversified (array) engaged in meeting human needs' (DCE 31). It follows the tenet that 'while professional competence is a primary, fundamental requirement, it is not of itself sufficient. We are dealing with human beings, and human beings always need something more than technically proper care. They need humanity' (DCE 31a). Approaching clients with humanity is not a marketing device but a fundamental belief that goes hand in hand with striving to use resources optimally in the interest of all.

This observation is especially important in the financial sector. The search for persistent higher financial results, while supposedly aiming for a stable financial future in a world that is ageing fast and consuming non-reproducible natural resources – like oil – even faster, has gradually enveloped larger segments of economic activities. This tendency has been triggered by the desire to safeguard the viability of future pension flows for a larger number of retirees and a relatively smaller group of workers in the developed countries. Pensions had to be sustainable, and this factor was made dependent on the profitability of financial instruments. In turn, these investments had to rely on a constant flow of saving, hence the development of novel saving instruments.

In the past few decades, finance kept increasing steadily its share of economic activity, affecting people's aspirations in the process. This phenomenon is being termed 'financialisation' (Dembinski, 2008). In Malta, the financial intermediation sector accounts for 5.5% of total market services employment, with about 5,300 jobs, and 3.8% of total gainful employment. Malta is being promoted as 'a financial services jurisdiction inside the European single market'.

It is being observed that 'financialisation' has been leading to the supremacy of transactions over relationships. The constant search for capital gains and immediate results have rendered people impatient and urged many to by-pass loyalty and long-term trust. Fair rewards to entrepreneurial initiatives have been replaced by the raw expression of greed. Besides, deregulation, one tool of economic strategy in many countries in the last decades, is turning out to be at times a means of satisfying the financial objectives of interested parties, who at one point after gaining access to markets, may

once again search for a re-regulated regime that meets better the conditions of their newly-found means to wealth generation. All this may lead to positions that can threaten the fundamental values of free judgement, responsibility and solidarity. These attributes belong to the common good, and without them a truly free and humane society cannot exist.

APS group seeks to collaborate with others to induce economic and financial environments where wealth may be created at the same time that the dignity of human beings, and inter-generational support, are adhered to. Collaboration/sharing experience is intrinsically a value in itself.

Summary

In sum, the APS group of companies have to strike a balance between efficiency and equity. They are mandated to continuously strive to combine the ethos of efficiency with moral considerations, which moral considerations are inspired by the social teachings of the Catholic Church. The Group initially implements this mandate in a country that is seeing a major shift in emphasis in the individual-collective relationship, wherein the 'collective' is often associated with a welfare state that covers much more than the basic support. It extends to security of job tenure or income supplements/tax incentives to owners of industry and the self-employed, which incentives are paid for out of general taxation or transfers from abroad (e.g Italian financial protocol, EU funds). This automatic support will wane as the Maltese economy veers towards resource transfers that are specific and project-related. Therefore, institutions, like the APS Group, that aim to

bridge a widening gap in solidarity and group cohesion while encouraging initiative and fair rewards have a crucial role to fulfil.

The Group has to get involved on a wider front, in particular in the EU economic space, in order to support the emergence of a wide social network of financial intermediaries and other entities, based on co-operative or other non-profit ideal, so that resources can be transferred in time and effectively to where they are needed. In this way, they will complement other resource-transferring networks, encourage economic growth, saving and capital formation, in activities that are inspired by economic sustainability, personal empowerment, and social cohesion.

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HAPPINESS ORIENTED COMPREHENSIVE STRATEGIES: THE FAMILY, PERSONAL EMPOWERMENT AND CHILD SUPPORT SERVICES IN MALTA

For many years, social researchers sought to discover the factors that induced personal and community happiness. This search seemed to be leading to an observation that happiness remains constant. After an adjustment period, individuals return to baseline levels of well-being; humanity is seen living on a 'hedonic treadmill'. Populations, too, remain overall static in terms of group happiness: as countries get richer, relative happiness gainers and losers cancel each other out.

It was also observed that biological factors may be closely linked with a sense of well-being. Twin studies suggest that happiness is heritable to a significant extent. Individual differences in happiness may thus reflect inherent differences in temperaments, thereby signifying resistance to change (Lyubomirsky, Sheldon, and Schkade, 2005). If set points of happiness (Williams and Thomson, 1993) are biologically conditioned, then neither individual attempts nor social policy measures can induce lasting changes in happiness.

This notion of personal and social stability of well-being is now being reconsidered following the large amount of data sets that have been built up on a global scale during

the past three decades. Certain societies may be more conducive to happiness than others, in particular societies that allow people relatively free choice in how they live. Societies evolve through time. In subsistence-level societies, happiness is linked with in-group solidarity; and religiosity and national pride are important determinants of happiness. At higher levels of economic security, the impact of free choice seems to surpass that of solidarity. In other words, economic factors impact strongly on subjective well-being in low-income countries, but free choice maximisation and self-expression become increasingly predominant as people become wealthier. (Inglehart, Foa, Peterson and Welzel, 2007)

Besides, happiness literature lends evidence on several factors that do seem to contribute to or detract from the happiness of individuals. Non-timeline data suggest that, in general, stable family life, being married, financial security, health, having religious faith, feelings of living in a cohesive community where people can be trusted, and good governance: all these factors contribute to happiness. Chronic pain, divorce, unemployment and bereavement detract from happiness (Johns and Ormerod, 2007:46). A recent Lifestyle Survey 2007 carried out by the National Statistics Office, Malta, concluded that:

> 'Overall, Maltese adults are satisfied with their lives. Generally, it emerged that married individuals have the greatest life satisfaction while persons who co-habit are the least satisfied with their lives. In addition, when looking at individuals through the lens of economic status, retired individuals are the group most likely to derive the biggest satisfaction from life. By contrast, unemployed individuals emerged as the least satisfied'. (National Statistics Office, Malta, 2008:2)

Again, the search for the implications for human behaviour as the rationale on which 'economic man' is meant to decide on action once the aspect of reciprocity (gift sharing) or communion (giving rather than solely receiving) is included in the behavioural equation has produced important insights in personal decision making. (Bruni & Pelligra eds, 2002). 'Sharing' has a positive value in contributing to happiness, a value that is often neglected in discussions that focus primarily on personal acquisition through purchase or receipt. (Delia, E. P., 2006)

Policy makers in various countries are paying more attention to this criterion of 'happiness' or well-being. Indeed, the British government set up a Whitehall Wellbeing Working Group and a committee on well-being research operating in conjunction with the Department for Environment, Food and Rural Affairs. More important from a policy formation perspective, fiscal measures are derived from the 'conclusions' that one wants to elicit from the literature. Hence, verifying the robustness of the arguments addressed is paramount for effective policy design. Once a policy decision has been made by a government, it may be difficult to withdraw, or even reconsider, within a relatively short period after implementation. In this context, one unit, the family, has been an object of scrutiny and policy support.

The role of the family for personal physical and emotional development, primarily at childhood, has long been a subject of debate. Nature and Nurture complement each other to generate human beings that find self-fulfilment in life and contribute to the society in which they live. Upbringing conditions human beings who, in turn, reconstruct the physical and group environment in which they abide and operate. Human sensitivity in

response to affection, encouragement, and other forms of support and sustenance is vital for a person's evolution through life.

Such ideas emerged once again in the Maltese Islands following a series of debated issues regarding individual identity, social inclusion, gender equality, and residential care considerations for children. These matters are bound to become more pronounced as the demographic structure in the Maltese Islands veers away from the low age groups and shifts towards the topmost age brackets, the sixty-five plus. Besides family formation, family size and family group age composition and distribution are expected to lead and sustain views regarding individuality and group considerations that were not held in the recent past. The end result is a transition period where ideas evolve, at times in an atmosphere of conflict. Such an approach may not be conducive to clarity of analysis and prescriptions/policy formation; rather, it leads to hazy views and rough-edged guidelines for action.

Again, particular research projects are generally bound to be time-zoned: they refer to past and/or present experience of particular sub-groups in a population with tentative projections, often linear, into the future behaviour of those involved in the study. Relationships are often assessed in terms of very restricted data sets, with the result that future policy measures implicitly presume that people live within very stable psychological and economic environments, which need not be the case. Judging people's responses to social research demands a proper evaluation distinguishing between intuitive modes of judgement wherein decisions are made automatically and rapidly, and controlled modes, which are deliberate and slower (Kahneman, 2002) Such distinction is especially important at times of fast advancements in technology

that enable the globalisation of production shifts across geographical regions and freer trading in goods and services. Such factors induce behavioural changes that cannot be identified clearly in advance. Consequently, they demand rapid responses from societies, as a whole, and particularly from individuals as producers and consumers. These responses may not be directly reflected in surveys.

Personal welfare is influenced by what one believes in and by what one does: produce and consume. And it is also influenced by what others do: people are conditioned genetically by their parents at conception and during growth. In turn they themselves influence the welfare of their parents, both positively and negatively – for better or for worse – even before birth. Later on in life this direct cross-influence occurs in multi-directions, improving one's positive traits or strengthening 'negative' characteristics. This inter-facing among individuals is ongoing; if it is separated for analytical purposes this is done to render the process more readily understandable. But the analysis will be partial and, hence, incomplete.

This paper evaluates the structures in place in the Maltese Islands to help people develop their innate talents, irrespective of where they grow up. Primarily, it focuses on the outcome as reflected in demographic composition and traces such changes on individual welfare (Sections 1 and 2). In addition, it also assesses the role of care homes and relates their contribution, today, to the personal development of the children that live in them. Such means of support in a child's upbringing emerges from a historical past that need not tally with today's and tomorrow's children's need. They are always subject to assessment and re-consideration (Sections 5 and 6). It also reflects on the role and effectiveness of

institutions in a community and on the importance of continually recalling the objectives of respective social welfare programmes. These tend to get hazy over time with the result that praiseworthy initiatives end up becoming complex bureaucratic networks (Sections 3 and 4). A summary of the main ideas conclude the paper (Section 7).

1. Personal Empowerment and Fulfilment: Emerging Patterns of Behaviour in the Maltese Islands

Human beings have to be empowered to reach self-fulfilment. Although they are born 'equal' in rights, they are not equal in terms of natural and economic attributes. If they are to attain their maximum potential throughout their lives, they have to be guided and helped in order to identify their selves, chart their own strengths and weaknesses, and strive to improve their natural characteristics. Even in a modern community, that is meant to be class-less, they have to work hard so as to countervail whatever social stereotypes may be present, whether ethnic, gender or work-related. Categories of people exist or they may be invented from time to time if this suits the interests of some.

People develop themselves best when they belong to communities: they interrelate with one another and by doing so they discover themselves, enhance their natural talents and acquire new skills. The environment in which they are born and grow up is therefore critical for the identification and enhancement of their selves. Failure to be supported early on in life will lead to an 'underutilisation' of one's talents/potential and/or to outright disorientation of one's lifetime objectives and

the basic ethical values that condition the means to their attainment.

What is important, therefore, is an understanding of the relationship between the search for one's self and the inputs that various different physical and group milieus may have in contributing to self-development. Since the family as a close-knit unit has evolved over time to generate life, and provide physical and psychological support, and transmit group values, it is considered as the ideal environment in which human beings grow physically, emotionally, intellectually and economically. In turn, they are prepared to transmit such attributes to future generations always in the context of 'family groups'.

Debate arises on what constitutes/represents 'a family group' in terms of providing an all-inclusive support to children, in particular at a very early age in their lives. These years are considered crucial for the sound development of a human being, both in terms of health, exposure to varied experiences, leading to a drive to succeed in life irrespective of how this 'success' is defined. Life's objectives may differ from one person to another, although ideals such as happiness, attainment of goals in selected areas of activity, and, even, altruism can be considered widely diffused in many societies.

It follows that what constitutes an idealised unit tends to change over time reflecting the evolution in thought, means and social networking in groups. Evolutionary changes are often slow, but occasionally they can occur rather fast, happening within the space of one generation (spanning a relatively short time period, say two or three decades). Living in a time of fast changing mores can be traumatic for many: the leaders will be cut off relatively fast from the led, the latter generally belong to the younger age group.

Policy makers need to understand and appreciate emerging trends in family group formation that reflects modified perceptions of the role of the individual in these groups and, in turn, in the other social groups in a community. These trends need to be addressed in the context of the overall primary values that a community seeks to uphold. If such tendencies appear to differ markedly from what may be considered the traditional ideal norm, then it is up to all, but especially so to those who are responsible for policy formation and implementation, to re-assess the social network in place in the light of the emerging results and draw up a series of measures to prepare the community either to adapt the undergoing changes – thereby strengthening the new tendencies – or assist one and all to reconsider the past/ emerging patterns of behaviour in the context of a sound personal and community development over a longer time period.

This line of thinking implies that policy makers must create a self-analytical set up of welfare support that anticipates social and economic changes. Often, however, policy makers and administrators tend to react, slowly and with significant lags, to behavioural patterns. Such performance implies that all those who are growing up in these milieus will find it hard to follow historically-inherited patterns and either rebel, often at their own expense, or try to escape away from the community. Emigration is a means to achieve this end. Malta lived with strong emigration movements in the recent past, especially in the years 1950 to 1975, and could be undergoing a more complex migratory process at present. The experience of the years 1950-1975 was mainly unidirectional – outwards. Today's experience is two-fold: inwards and outwards. One cannot approach this new reality with the historical

migration mentality that might have served the Maltese quite effectively in the past.

The outcome of the expansive economic growth of the past four decades, that saw the re-creation of the productive base and personal and social attitudes that go with it, can be summarised from data that are emerging on individual mores and family life. These 'facts' are the outcome of underlying perceptions/thinking that have been at work without being addressed knowingly and effectively. This means that many individuals have had their views on personal and group relations adapted to paradigms that do not conform to what may be perceived, rightly or wrongly, as idealised relationships In reality, such idealised states may not have been as widespread as one would like to believe, with the result that the tools adopted to support such structures had been inadequate to produce the desired results. In the end, Maltese individuals and society, as a whole, drifted away from the acclaimed ideal/optimal model of care and support.

Recent evolving patterns of family formation in the Maltese Islands may be described from demographic data collected at census years or annually. The Census in the Maltese Islands defines ***family nuclei*** as groups made up of: legally married couples with or without children; parents living with one or more never-married children of any age; or couples living in consensual unions with or without children. An ***extended family*** is defined as a group of two or more persons who live together in the same household and who are related to each other through blood, marriage or adoption. In turn, households may be classified either as private or institutional. ***Institutional household*** refers to groups of persons living together who usually share their meals, are bound by common objectives and who are generally subject to

common rules. *Private households* may be one-person or multi-person. *Married couples* include those who reported that they were living in consensual unions.

Recent data on households' demographic and economic characteristics yield the following information:

i. The ***Census for 2005*** records that there were no dependent children in 60.4% of households (84,340) in the Maltese Islands.

ii. Of the remaining 55,243 households, 16,864, representing 12.1% of all households and 30.5% of households with dependent children, were made up of two adults and two children.

iii. Single parent households with one or more dependent children represented 2.6% of total (3,605) and 6.5% of families with dependent children sub-group.

iv. Families made up of two adults and three or more dependent children amounted to 5,663 or 4.1% of total and 10.3% of families with dependent children.

v. Besides, there were 14,771 other households with dependent children; they made up 10.5% of total households and 26.7% of the subgroup with children.

vi. The number of *marriages per year* has been around 2,400 over the decade 1997 – 2007. But the number fell to 2194 in 2001 and reached a peak of 2563 in 2006 edging downwards again to 2479 in 2007.

vii. *Civil marriages* have been rising steadily: from around 360 in 1997 to 860 a decade later. But in recent years the majority of these involved foreigners. Civil marriages that include at least one Maltese partner amount to around 300 annually.

viii. *Births outside marriage* have been rising steadily as well: from 472 births to Maltese mothers in 2001 to 888 in 2007 and from 499 births for all mothers in 2001 to 964 in 2007. Such births represented 25% of the 3,871 births in 2007.

ix. Besides, 1,033 men and 1,276 women were *divorced*, while 5,022 men and 6,023 women were *separated* in census year. The incidence of divorced and separated men is higher than that for females for age groups 55 – 64 and 65+; the converse applies for age groups 18 to 54. *These data record a surge in the number of persons in these two categories since Census year 1995.* In 1995, the number of separated persons was 36% of the 2005 level: 1747 men and 2269 females. Divorced persons and those whose marriage had been annulled represented two-thirds the amount recorded in 2005: there were 749 men and 683 females. The data suggest a rising number of reconsiderations regarding the status of marriage in Maltese society.

x. In 2000, there were 13,337 (15%) households made up of two adults and two dependent children that were *at risk of poverty*. Overall, the rate of households at risk remained the same in 2005, but the relative share of the four-person household increased to 16.5%.

xi. *The future* is not very positive when considering the share of children in the population. The *number of children under 14 years* is projected to fall from 66,700 (16.3%) in 2007 to 48,000 (11.9%) in 2050. At the same time, the *number of 60+* is projected to rise from 84,200 (20.6%) to 133,300, being 33.3% of the projected population in 2050. (NSO, 2008a, News release, 125/2008: *World Population Day*, p.4)

2. Underlying Forces shaping this demographic and social outcome

The above outcome emanated from various social and economic forces, which steadily and gradually, often imperceptibly, give rise to the emerging structures that condition personal and group interrelationships in the Maltese Islands. Some of these forces at work were discussed in studies published in the nineties, which highlighted certain behavioural characteristics and anticipated the outcomes recorded above. These studies refer to family formation and stability (Delia, C., 1998), labour market characteristics that arose from entrenched personal traits and social behaviour (Delia, E. P., Ghirlando, R, Vassallo, M., 1997), and regional shortcomings that impinged on the quality of life and human development (Delia, C., 2000). Some of the observations made in these publications are summarised below.

i) Family strengths and weaknesses

Researchers in the nineties on the family in Maltese society emphasised that the family was 'strong' and provided support and formation to the individual. They pointed out that two out of three families were satisfied with their home life (Tabone, 1993). But improved living standards, enhanced means of communications and transportation, increased mobility that led to an early integration of the younger generation into different social classes, the emancipation and the financial independence of women, and the erosion of religious values: these factors had an important bearing on the formation of new family cells and intra-family relationships.

Within a decade a substantial number of Maltese stopped identifying themselves with the Catholic Church,

and adjusted their views on family-related matters. Thus, data for 1984 indicate that 94% of respondents to a survey on values considered themselves religious; this figure fell to 55% in 1995. Moreover, the share of those who claimed to be 'non-religious' increased from 4% in 1984 to 46% in 1995 (Abela, 1995).

But these two studies do suggest a growing uneasiness with the 'traditional' family set up and 'rules' and an urge to break loose. The research by Tabone and Abela indicates that one in three respondents had marital problems. Only six out of ten respondents felt secure in their marriage. The number of Maltese who were completely satisfied with their home life declined from 76% to 60% between 1991 and 1995, a difference that was statistically significant. Moreover, only 65% of respondents would get married again if they had to start afresh: 23% would not re-marry while 12% were doubtful (Tabone, 1993).

A sense of disillusion with the family may be a direct outcome of the *shift away* from conformity to *traditional values* – such as religious beliefs, children, and interests in common – to the more *intrinsic values* of self-fulfilment, mutual respect and a happy sexual relationship (Abela, 1995).

It may be telling that only 5 out of 10 respondents got married because they loved their spouse; thirty four per cent got married to raise a family, around five percent did not want to remain alone and two percent wanted future security and protection. (Tabone, 1993) Such motives are in direct conflict with the intrinsic values indicated above. This tension is compounded by a shift in culture concerning the role of women in the family: as years go by, fewer women feel the need to become mothers or to stay at home to be fulfilled (Abela, 1995). Furthermore,

while Maltese parents may be of the opinion that children need both mother and father to grow happily, they admit, at the same time, that they should not sacrifice their life for their children's sake.

Individualised values lead to situations where marriage breakdown could happen when a partner is not satisfied with the quality of the relationship. Identified factors that may lead to breakdown include domestic violence, unfaithfulness, alcoholism, unsatisfactory sexual relationships, illness, relatives or in-laws, and financial problems. Although financial matters were not the most important factor contributing to marital breakdown in Malta in the past, the strain on intra-family relationship arising from lack of financial means should not be overlooked (Delia, C., 1998:37-8).

In these changing socio-economic conditions, more Maltese are apt to find sufficient reasons for family breakdown. They are more likely to go for separation and to accept divorce, the latter is as yet not granted to Maltese citizens in Malta. And yet, the preparation for a commitment that is expected to be life-long in execution is still generally weak. Compared to the world of work, where preparation and protective regulations are carried out within clearly defined parameters, there are little preparations and few safeguards for the private domain of personal and family relationships.

ii) Life Skills Deficiencies

An extensive study on Human Resources in Malta (Delia, E.P., Ghirlando, R, and Vassallo, M., 1997) identified scarce life skills as being a handicap to economic development in the Maltese Islands. However, inadequate life skills training hamper all types of human relationships, not just those associated with the labour market. They primarily

influence intra-family relationships, between parents and between the parents and children.

The study suggests the following characteristics of the student population at the time that could indicate stereotypical behaviour sustained both by family background and the educational system.

a) Gender differences in career aspirations were rather strong. Females leaned towards the clerical and the caring professions (personal care and health); males preferring jobs that involved manual dexterity, numeracy, trade and outside work. (Delia E. P. et al, 1997:134-6) Given changing work practices in a modern economy, work tendencies by gender play an important role in income generation and personal relationships in families and groups of people.

b) Perceived weaknesses in subjects at school are compensated by private tuition. An estimated half of the school population attended private tuition; such assistance was more common among girls. Such widespread participation in the informal teaching system must be having an impact on the formation of a critical attitude towards education and self-development (Delia E. P. et al., 1997:138-9). The absence of critical abilities and the desire to expand one's cultural environment may be arising from students' perception of an inadequate educational system and a widespread phenomenon of private tuition. Cultural richness may be a critical element in the formation of healthy, interesting relationships. It countervails boredom, which can lead to inter-personal breakdowns.

c) A relatively high percentage of students claimed to suffer from weak literacy and mathematical skills

> after ten years of formal teaching in these areas. This negative outcome is more accentuated for boys. But they also are deficient in knowledge about self-control, the ability to behave correctly, inter-personal behaviour and efficient communications skills, and decision making. There are no gender differences in the negative self-assessment, in decision making and in communications skills. Four out of ten interviewed felt inadequate in these important character traits (Delia E. P. et al, 1997:141-3). Such shortcomings bear on healthy inter-personal development. The education system in Malta was judged inadequate in enabling individuals to evaluate themselves, bear responsibility and work in teams. In so far as this assessment was correct, it meant that the system was also failing to prepare individuals for a life of commitment and could be reinforcing a tendency that was already present at the home environment.

In so far as the above traits had been in existence for some time, they would be fairly widespread in the community. The evolving pattern of family relationships observed since then, in favour of quicker dissolutions of family groups, may have arisen from deficiencies in the social network. These shortcomings may be even more pronounced at distinct regional levels, as explained below.

iii) Regional discrepancies in life styles and welfare

People are conditioned by the social milieu in which they are brought up. If this milieu is non-conducive to a healthy upbringing, in terms of self-development and social interaction, then a generational deterioration will take

place. Personal adaptation issues will be compounded unless a holistic approach comprising housing facilities, family support, educational service, income generating opportunities, and cultural and sport amenities, are undertaken on a wide front. Every one of these activities reinforces the others and leads to a comprehensive empowerment of the individual.

A case in point has been the Cottonera region, an area that has been repeatedly identified as in urgent need of regeneration. One particular study (Delia, C, 2000) made the following observations:

> "Available demographic, economic and social statistical data confirm that families living in the Cottonera, in general, and Cospicua in particular, are a highly disadvantaged group. Many live in substandard houses or houses with structural defects. At the same time, a large number of houses are unoccupied and neglected often creating environment problems for their neighbours. Moreover, research indicates that people have a very low perception of the area. The socioeconomic problems that people in the Cottonera face are wide-ranging and complex. Consequently, piecemeal efforts to revive the area e.g. by improving the housing facilities are not sustainable. They are doomed to fail and the investment made wasted. .."

In the nineties, the region was marked by the following characteristics: net outward migration, an ageing population, an overall female imbalance among the elderly, higher incidence of separated and annulled/ divorced persons, higher illiteracy rates than the national average for the young (10 -14) and middle aged (15 – 24; 25- 40); higher share of rental housing given the relatively

low rents obtained in this area (annual rents in the €25 – €120 range are paid on 2 out of 3 dwellings in the region) – a fact that attracted in-migration from the rest of the island of certain socio-economic groups; higher than average incidence of relative poverty; and higher unemployment rates.

This cocktail of socio-economic negatives has direct adverse psychological effects on marital relationships and on children who are reared in unstable environments. These conditions ferment the seeds of harsh social problems such as undesirable in-migration, criminality, drug addiction/trafficking and family problems. People there are caught in a financial and cultural poverty trap. They earn no or very low incomes, which are insufficient to sustain themselves and their families. Income differentials widen, in relation to the rest of the island; cultural attitudes towards life, work, and personal empowerment are bound to differ over time from those of the rest of the population.

A more recent study on another geographical area – the Birkirkara region – also identified unemployment, health, age (elderly people), relationship issues and illiteracy as factors contributing to relative poverty, defined to include both financial/economic considerations as well as psychological and moral support. Certain regions demand more specific intervention than others. It seems they fail to benefit from public sector expenditure programmes on welfare. (Spiteri and McKay, in Xuereb P., 2008:129–147).

In sum, the demographic and income profiles that were recorded in the two Censuses of 1995 and 2005, which indicated emerging negative trends in relation to family solidity, children per family and relative poverty incidence, have been anticipated from studies carried out in the mid-nineties. These showed that not enough

attention was being paid to implement comprehensive, multi-pronged approaches as manifested in the way the basic needs of individuals and family groups were attended to. Remedial support programmes were not effectively grafted onto dynamic housing, educational, and life-skills training schemes with the result that natural and group environment weaknesses were not addressed properly.

The result was a higher than expected incidence of illiteracy, behavioural disorders, cultural disorientation as incomes rose for many, and, as a consequence, a greater number of disappointed individuals. In turn, these same individuals accelerated family break up, and sought more aggressively self-gratification that is still working itself inside the social fabric. Such behaviour could be accentuated in some regions more than in others. This meant that a universalist approach to education and training across Malta's geographical areas was not addressing effectively specific regional issues. Consequently, public sector expenditure on social programmes is not delivering the expected empowerment of the individuals and groups that they are meant to support.

Something, somewhere is not functioning as it should. It is imperative to understand this social mechanism, its effectiveness and weaknesses, otherwise resources will continue to be allocated but without attaining the desired results. Malta's welfare support programmes are extensive; they cover a very wide area of economic, cultural and social activities. They spread from the pre-natal stage of a human being to the grave. And yet, the social system continues to produce an increasing number of persons with difficult problems to face, some of which are induced personally or within groups. It seems that

this complex welfare system has lost, over time, its primal focus and has gradually turned itself into a bureaucratic network which lacks complementarities and effectiveness. The original objectives of the various schemes are lost in time; thus they have become ill-defined. They seem to be implemented simply because they are in place without considering critically their usefulness and validation. Expenditure is carried out for its own sake rather than as a means to an end, namely, the true empowerment of individuals. This issue is addressed below.

3. Welfare Support Programmes

Welfare support programmes may be classified as 'static' or 'dynamic'. *Static welfare programmes* identify those individuals or groups who are in need of support and address these needs through cash or services in kind. So, children born with special needs, whether physical or mental, or who lack affection, have to be attended to; so do the parents/carers who are responsible for their upbringing. Similarly, people who suffer as a result of natural calamity or accident, or because of wrong decisions taken in the past, have to be supported as best as possible. Programmes like these are reactive; problems exist and society addresses them.

Long-run oriented programmes consider how people may become needy and devise means of escaping from such needs. *Long-run planning is intrinsically dynamic, pro-active*. It takes place at the individual, family/group/enterprise, and national levels. Initiatives that fall under these headings include both public sector activities, as well as those by voluntary, non-profit organisations, and by profit-seeking entrepreneurs who, all together, create

opportunities for empowering individuals. The latter have a lot to gain by participating actively in the processes that contribute to one's achieving life aspirations. But such programmes have to be adapted to the needs that exist in a community and to those that are envisaged to prevail in the future. Expenditure on housing, health, education, life-long learning, culture and sport contribute to the healthy physical, emotional and cultural development of a person.

The two categories of programmes overlap. Compulsory educational courses may not be enough to prepare individuals for a world of work that awaits them in a few years' time. Additional 'static' training programmes, tailor-made to specific skill requirements, will have to address the identified shortcomings in skill. This is an on-going process, just as on-going has to be the evaluation of existing support facilities.

A general impression of the resources allocated by the Maltese government on welfare programmes, represented by the funds projected for 2009 for the Ministries for Social Policy; Education, Culture, Youth and Sport; and Pensions (under the Ministry of Finance) amount to around €2.876 billion, with the biggest share – €1.237 billion – going for social benefits, health, elderly and community care. The total outlay of €2.9 billion amounts to 56.7% of total government expenditure for financial year 2009. Non-contributory benefits (including children's allowance, old age benefits, disability pensions, social assistance, medical assistance and bonuses plus supplementary assistance) amount to €155.3 million, or 5.3% of the projected total government expenditure for 2009.

But government support is more extensive than the above data suggest. It includes aid to specific economic sectors – like agriculture, manufacturing industry and

tourism – that thereby reduces the costs of producers in these respective organisations. Such assistance is being reconsidered following Malta's membership of the European Union, a step that re-dimensioned the powers of the Maltese government in implementing economic, financial and trade measures. As a result, the historical price structures and legislation, which conditioned human activity in the market place for goods and services, in the private and public sectors, and even at home, had to adapt, relatively fast, to this new political and economic reality. But, in the meantime, past economic and social measures brought about a period of relative improvement in households' incomes, consumption and life-styles and are being reflected in the behavioural patterns described from the Census 2005 data in section one above. The economic and social 'well-being' may be approximated from the data below.

The annual value-added per head increased from €10,189 in 2000 to €13,231 in 2007. Over the same period, economic activity kept veering towards the services sector: the share of industry fell from 28.5% to 21.5% while that of Services increased from 69% to 78%. Life expectancy increased from 74 to 77 years for men; and from 80 to 81.8 years for women. However, the rate of natural increase fell sharply from 1,435 in 2000 to around 700 in the years 2005-7. This drop reflects a fairly stable crude mortality rate of 7.7 per thousand for the period and a declining birth rate: from 11.5 per thousand in 2000 to 9.5 seven years later.

At the same time, the *means of social communications* increased significantly. Motor vehicle licences increased from 631 to 700 per thousand population; internet subscriptions rose from 83 to 245 per 1000 population; mobile phone subscriptions more than trebled, from 290 to

907 per 1000 population; and fixed telephone lines edged upwards from 522 to 556 per 1000 population. *Households' and individual borrowing from local financial institutions* amounted to €2.787 billion in September 2008, up from €859 million in 2000. The average propensity to consume of Maltese households approached the 100% mark in 2004, which is the last year for which data are available; the saving ratio amounted to 1% of household disposable income (Economic Policy Division, 2005:43). Its value today remains an unpublished unknown. But it must be negative, that is, people dissave or spend more than they earn over a time period, for various groups in the lower income brackets. And it may also be temporarily negative for the whole sector – households are running down past savings/assets or borrowing to meet their expenditure commitments.

Indeed, irrespective of these economic and cultural/demographic shifts, the share of families and individuals at risk-of-poverty remain high: 1 in 6 with higher share of people in need in various sub-groups. Single parent families and the elderly are more prone to fall in the poverty trap. Suffice to point out that the number of single unmarried parents who benefit from social security non-contributory schemes increased from 1,400 in 2003 to 2,346 in 2007; the value of benefits paid to them increased from €4,239,901 to €8,014,252 in four years. (NSO, 2008b: Table 1.2)

A cultural shift is taking place at work and in the family, supported by a more extensive communications network and household indebtedness to banks. The services sector demands different skill and time patterns from those demanded in manufacturing; personal adaptation to such demands of the labour force is inevitable for economic survival. Such behavioural adjustments, in turn, are

bound to be reflected in personal relationships at home – witness the fall in the birth rate and the resultant slowing down of the natural increase of population. The personal, economic and social implications of this significant demographic shift are wide-ranging. They have to be understood in their entirety. Economic and social policies have to account for this phenomenon. They have to be driven by basic values referring to human life, personal empowerment and group cohesion based on the family as a focal point. Well-intended measures to render social support all-inclusive in relation to given situations may turn out to be incomplete in the long run. They themselves generate the situations that they are meant to alleviate. These issues are examined further below.

4. Valuations, Institutions and Policy Objectives

Welfare states evolved with the sole intention of creating and sustaining a 'just' society, where every individual is given opportunities to attain self-fulfilment. This objective has to be attained through measures that imply cost-benefit assessment prior to being introduced and the allocation of adequate resources in order to implement them effectively. Experience shows that social measures are generally very complex; they develop piece-meal over time, often without taking stock of the changing outside environment and in relation to the whole corpus of measures in place. The result is usually disillusionment for many, the generation of unwanted and undesirable social structures that produce the same results that the measures were meant to address. Societies end up with heavy bills to pay in tax and interest payments on public debts, disillusioned and unsatisfied families and

individuals, complex bureaucratic set ups, and an unsure way forward especially in the context of a rapidly ageing society. This seems to be the present situation in Malta's social welfare programme.

4.1 Putting a value on a person's life – an economic perspective

Assigning a value to life – hence a person's very existence and future happiness – could be considered unethical and immoral. It could be argued that people's lives should only be discussed in terms of rights and justice. However, from an economic perspective determining the value to life is no different from determining the value of any other good. Individuals, companies and governments must make implicit or explicit determinations of the value of life all the time especially when the value of life must be compared with the value of other commodities such as health, upbringing, safety standards or environmental protection.

The value placed on human life depends on the purpose of evaluation. Life may be valued *ex post* for the purpose of compensation, or *ex ante* for the purpose of preventing physical injury or emotional disturbance or death. Lives may be considered in the abstract, where no names are known, as in the construction of a guard rail to prevent accidents, or institutional set ups to avoid harmful personal development. Lives may, instead, be given names and faces such as people trapped in a fire or being brought up under certain economic/social conditions. Valuing life does not lend itself to a single and direct approach that applies to all occasions.

Indemnification for a life wrongfully lost, or for permanent emotional disability resulting from uncongenial upbringing environment, may not be a payment for life. It can be considered a pragmatic

approach to a situation where a person has been 'disabled' for life. Such considerations, especially if they involve efficient compensation mechanisms, promote greater care and could reduce harmful practices. They encourage appraisals of existing systems based on new information and insights, changing economic and social contexts, and evolving aspirations for quality of life in a community.

Two different approaches to derive value to life may be illustrated from the approach Maltese courts adopt in determining compensation following a loss of life and the theoretical relationship to the concepts of Willingness to Pay (WTP) or Willingness to Accept (WTA) for risk which underlies the economists' approach. (Vide, Delia E. P., 2006a)

Maltese courts follow the foregone earnings approach, which sees the value of life as flowing from one's lifetime income or consumption. The value of life is approximated by what a person would add to the national output over a time period discounted to the present using a zero discount rate. A percentage, generally 20%, is deducted from the damages to be liquidated to arrive at a lump sum. The individual characteristics considered by the court are: age, health condition, present job, potential earnings growth, the percentage to be deducted from damages to arrive at the lump sum, the nature of the disability, and the relation of beneficiaries to disabled or deceased.

The approach adopted by Maltese courts, like other courts abroad, has the advantage of being subject to fairly objective calculations. It makes sense as a measure of the economic loss to survivors. Some courts abroad deduct a person's estimated consumption to reach as estate value, that is the expected value of saving that the deceased might have had built up to leave to others. But

compensation for death (whether physical or emotional) must necessarily be arbitrary.

Economists' estimates of the value of life are estimates of the WTP for additional safety or the WTA payment for bearing additional risk to life. Assuming a right to life, the value of accepting an increased risk is the amount one is willing to accept to undertake it. This approach aims to identify what one accepts as monetary compensation to undertake an additional risk. Generally, WTP measures benefits and WTA measures costs.

The different values obtained in the foregone earnings approach and the economists' methodology could be seen from the following example. According to the foregone earning method, a person with a lifetime earnings of, say, €4000 per year for 20 years has a present value of €80,000 at zero discount rate, from which 20%, or €16,000 euro are deducted to arrive at the lump sum payment of €64,000. If this person would be willing to pay €4,000 for a reduction in risk of $1x10^{-3}$ the implicit value of life would be €4,000,000. This value exceeds by far the sum of €64,000, confirming the view that the awards made by courts are not payments for permanent disability incurred. The court's estimates are objective; the economist's estimates are subjective – they are based on an individual's own willingness to pay for small reductions in risk or the individual's willingness to accept payment for accepting small increases in risk.

Moreover, courts are guided by the prudence or otherwise applied by actors before deciding on liability. Under these conditions all have an equal responsibility of safeguarding life. Under a strict liability rule, where, for example, drivers would always be liable to compensate pedestrians no matter how recklessly these may dart into traffic, the stand adopted by Maltese courts instigate

responsibility in all concerned. And only those who fail to show prudence could be found guilty and made to pay. This argument could be applied in family/child rearing contexts where the responsibilities of grown ups (parents or guardians) towards children under their care could be subjected to similar considerations. The future life of a child depends a lot on congenial surroundings to one's upbringing; such an upbringing could be supported from own resources and other input raised from the rest of the community. While the input of the former emerge from own assets and income flows, the latter emanate from family-friendly legislation and the network of institutions set up to implement it. These two issues are examined below.

4.2 Family oriented policy measures

The government in Malta, and in other EU countries, have been highlighting the fact that family friendly measures are primary in the design of tax, expenditure and labour market policies. These include reductions of marginal income tax rates, specific income supplements – such as children allowance and family bonus, subsidies on public utility rates, childcare centres, social housing allocation, and parental leave and flexitime. Gender related issues are also addressed, at least at law. In fact, Malta's ranking on gender issues improved over the past three years. The gender ratio, ranging between 0 and 1, rose marginally from 0.652 in 2006 to 0.663 in 2008 (Hausmann et al., 2008). A value of 1, the highest possible score, indicates equality; 0, the lowest possible score, marks inequality. The increment in Malta's gender index suggests a small gain overall in favour of gender equality. However, this favourable indicator is influenced by the relatively high attainment of 'equality' of educational

achievement and health and survival; scores in the 0.9 level are recorded for both sub-categories. In the case of economic participation and opportunity, the involvement of women is comparatively low; the sub-category index is 0.587. Besides, gender participation in the political domain is still heavily male biased; the index for the area veers towards zero, 0.163. However, as the young, educated females make their way into the socio-political and economic fabric, their impact is bound to become more marked. The female-male adaptation process at work and in the family shall become more pronounced; society has to prepare itself at law and, more important, in everyday life to face this eventuality.

It may be claimed that there has been a positive, constructive approach at the legislation stage, although key legal issues still abound regarding the basic 'family unit' that ought to be the political focus of legislative measures. Because of this 'uneasy' situation, society moved ahead creating new forms of 'family units' that expect moral and financial support from the state. One result has been the rapid increase in the number of single unmarried parents who became eligible for social security benefits – 1,400 in 2003; 2,346 in 2007. Legislation is being adapted to meet new social realities, rather than used to encourage a 'desirable' unit that can be both individually and socially rewarding. Once a legal measure is in place, it gives rise to a higher incidence of use. The more attractive the 'package of benefits', the greater becomes its 'pull'. A remedial legislative action, to which financial and economic benefits are attached, becomes, in its turn, an incentive that can be exploited to one's advantage. A 'static' welfare policy tool turns itself into a 'dynamic' instrument that conditions future human behaviour. It generates the very conditions that it was meant to remedy in the first instance.

This may sound paradoxical. But societies change. The demographic configuration in the Maltese Islands underwent structural transformations following the massive post-war emigration drive and the successful economic re-engineering of the past four decades. It moved from economic activity that relied on a non-profit motivated, military service base to several profitable commercial areas that in time pushed upwards per capita incomes, boosted household consumption and enhanced living standards. In their turn, these income/wealth gains induced a re-positioning of basic human values, as is becoming apparent in all economies that undergo similar change. Free choice maximisation and self-expression rise in the personal hierarchy of values.

But the supporting cultural and social entities that were meant to anticipate change and prepare all Maltese to face it remained embedded in a past that had no future. The end result was the emergence of social and economic networks, complementing a rigid political grid, which got weaker over time and in some instances stopped being functional. Maltese society is expected to face fast changing global and regional (Mediterranean) economic and political situations with institutions that may be described as suffering from dated structures and, in some cases, they may even be mirages.

4.3 Institutional Fatigue and Institutional Mirage

Effective institutions are instrumental for economic and social development. Research on global economic growth suggests there is a correlation between institutional quality and international income differences (Delia E.P., 2007: 5 – 9) Institutions are seen as setting up an incentive structure that reduces uncertainty and promotes efficiency, thereby reducing transactions costs and freeing

resources to production and exchange. For example, an efficient judicial system will induce economic efficiency over time by enforcing property rights and the rule of law. Autonomous institutions can influence economic and social development by inducing a coherent and consistent combination of policy choices.

Conversely, institutions that fail to act in time – because they are not autonomous in taking and enforcing decisions – or to address regulatory frameworks and procedural devices will hinder economic and social development. More so, they impede personal empowerment and allow negative tendencies to reinforce themselves. In time, such institutional networks could become incongruent to the demands of advancing economies and progressive societies with the result that they fail to re-address their prime objectives and re-spell them to meet the changing times and needs. They become slow to adapt and prepare to meet future needs and end up being a hidden deterrent to change. They drag their members rather than stimulate them.

This *institutional fatigue* will be observed over time as institutions keep repeating what they had been doing in the past without questioning its suitability, indeed its very rationale. They continue to produce 'more of the same' at the cost of slowing down personal development, social cohesion and economic growth. Creating organisations and promoting group formation are not easy social endeavours, but they are key routes for a total human development approach and for designing strategies around social actors.

Worse, institutions may turn themselves into *mirages*. They exist at law. They are seen performing occasionally. People believe they are actively monitoring whatever they were initially intended to protect – e.g. children's

physical, emotional and cultural development or the sustainability of the natural environment. But in fact they will not be doing anything of this; they just exist and consume scarce resources.

Institutional fatigue and mirages would become more common in a socio-political environment where the role of government is redefined: from one of ownership of assets to one of a regulator. Regulators have clear objectives. They are sure of what they want to achieve and are reasonably equipped to attain them. They monitor situations regularly and are free to take timely actions to steer the groups under their supervision to achieve the desired aims. Failure to know what they stand for, or to raise the human and material resources to accomplish whatever they have to do will render such institutions impotent. They struggle to exist. In time, they lose their relevance and effectiveness. In fact, they may mislead many into believing that someone is in control when in fact there will be no one. The institution will have become a mirage.

This may be the situation with various public sector regulatory agencies and other welfare support units in the Maltese Islands. For example, certain economic models that convey solidarity connotations, like co-operatives, may have been around for many years. But although they exist in legal form, the spirit of co-operation they emanate from the members will be absent (Delia E. P., 2006b). People talk of mutual support, help and intervention on the implicit understanding that these attributes are alive in a co-operative movement, but in truth they will be missing most of the time. Because of this lack of enthusiasm for the 'common cause', the unit – the co-op in this case – will fail to read the signs of the times well in advance to prepare its members to face constructively a challenging future (Malta's membership of the European

Union, for example). Instead, the unit attempts to further secure the status quo, to the detriment of its long term viability.

This enigma – the existence of various institutions with specific targets which for some reason fail to identify human shortcomings and rectify them – may be illustrated from the sector of education. Compulsory education for all was introduced in 1948. Educational services are tax-financed at primary, secondary, post-secondary and tertiary levels; they are offered free of charge in public institutions. Yet after sixty years, the level of illiteracy is relatively high (10% plus) for a community of 400,000 people; unauthorised school absenteeism has been improving lately, being higher in public primary schools – 3.2 days for boys and 2.9 days for girls in primary schools and 11.3 days for boys and 7.9 days for girls in public secondary schools – (National Statistics Office, Malta, 2006: xx, xxi); and the very objectives of the educational system are being questioned.

One writer has summarised the social perception of the educational network as follows. 'Maltese society in general has come to regard compulsory education as a competition in which marks, high marks, is the only yardstick of value. What ensues fall within the paradigm of the theatre of the absurd: the cycle exam-oriented system producing exam-oriented society producing exam-oriented system! The system has moulded a society that values achievement obtained through competition, and it is generally accepted that one person's success is gained at the expense of many others' failures' (Caruana, 2008). This perception represents a zero-sum scenario (one gains at the expense of another), rather than a zero-plus initiative (all stand to gain) that arises as a result of positive external effects.

Another commentator believes that ' Plagiarism is on the increase,….(But) in essence we are training our students from a very young age to plagiarise…we are giving the impression very early in our educational system that there's nothing wrong with copying other people's work and presenting it as if it was yours. The system is encouraging that mentality' (Farrugia, 2008). In terms of 'values', this impression may be interpreted as: take short cuts, cheat if necessary and move on as long as you can get away with it. Surely, one does not want to allocate all those millions of euros for bringing up the young to end up producing this result. There must be a cheaper way of infusing such 'weak' values.

One may add claims by teachers' unions that educational services lack human and financial resources, that capital infrastructure is weak, and that personnel are disillusioned and either leaving or not being attracted into the profession. Besides, regional schools (e.g. the one at Cospicua, a region characterised by particular social and personal problems as described in section 2iii above) suffer from inadequate facilities and, more important, complementary support services that translate the ideals imparted at school into every day life.

Observations like these suggest that the educational set up, involving a system of checks and counterchecks, is far from empowering individuals to think and act in a socially responsible manner. No one seems to effectively notice what is going on; hence no one queries, analyses, and re-engineers the set up to achieve the desired personal development for all. The system may be costly to run, but this expense notwithstanding it is failing in part to attain its objectives. One may take other sectoral evaluations, like social work and administration, and come to similar conclusions.

In sum, human life is invaluable. Monetary values that are attributed as compensation for harmful effects suffered by individuals or for beneficial gains that follow up the introduction of certain policy measures are pragmatic methods to reach a 'settlement'. They do not value life.

Legislation nowadays tries to be 'all inclusive' and at the same time 'family oriented'. But, for various reasons, it is becoming apparent that the extent of supportive programmes, by the state and non-profit organisations, may not be as successful as one would expect. Programmes may be fragmented leading to an eventual loss of perspective and cohesion. The static-dynamic/ private-public interaction that evolved over time in Malta's welfare system is not matching the impetus that the rapid economic and social environments are exerting.

It has been suggested that this seeming helplessness may be arising from malfunctioning institutions. These crucial instruments of change and redress are seen becoming either 'tired' or 'fatigued', extending over time activities that could have been relevant in a different social and economic dimension but which are no longer suitable to meet the expectations and needs of today's community, nor those of the community of tomorrow. Worse, such behaviour could lead to loss of vision and, hence inertia, giving rise to what is being termed an institutional mirage: institutions that exist at law but that are very slow to gather data, analyse it, recommend remedies and have ample space to implement them. Problems are bound to get compounded over time, especially in a community that is ageing rapidly and that is exposed, for the first time in many years, to tough international trade competition.

The above analytical framework is applied to evaluate the series of issues related to caring for children in institutions and to identify the optimal multi-institutional

support structure that promises to fulfil the objective of personal empowerment and the maximisation of individual and group happiness.

5. Foster and Residential Child Care

The subject of fostering and caring for children in residential care came poignantly to the fore some months ago after a religious order announced the closure of one its homes, where ten children were being looked after. The decision revealed the inadequacy of child-support network in the Maltese Islands to respond to such an event, given the time spent in re-allocating the children involved. The episode represents an example in the complex static/dynamic – private voluntary/public provision extensive range of welfare services that evolved over time and that has to be addressed in its entirety.

This matter reveals various facets. First, particular children – years ago they used to be orphans – for various reasons need to be taken care of by other persons than their natural parents or present guardians. There are procedures to be followed; these evolved over time adapting themselves as the welfare state, representing a range of services financed from general taxation, developed in Malta in the past century but more so in the last sixty years.

For many years, such children were brought up in homes run by religious who made it their life mission to look after them. The capital infrastructures were often donated by wealthy philanthropists who bequeathed their fortune for such specific causes. The running expenditure was covered from same bequests and voluntary contributions by many Maltese. The organisations themselves strove

to raise additional resources at times through services in which the children themselves contributed. So there exists a structure in place for many years that operates on private contributions.

There are two main features that refer to this set up. First, the religious carers are ageing, and the number of new vocations is small, in some orders, verging on zero. In time, these carers will have to be replaced by lay officials, who abide by labour market rules including the number of hours worked per week and market-oriented rates of pay. Secondly, the original structure itself has to be modernised to account for both knowledge on how to assist young people in this situation to develop their full potential and to include amenities that now constitute an integral part of everyday living in the Maltese Islands. Once these works are commissioned, the structure has to be maintained. The physical and managerial set ups are now being regulated by a set of national standards for residential care (Ministry for the Family and Social Solidarity, Department for Social Welfare Standards, 2008). Directors of Children's Homes receive €40 per week per child (€2080 per annum) from public funds as a contribution to the upkeep of the child.

Since the mid-nineties, fostering evolved on more structured lines. These included the assessment of a family's suitability for fostering followed up by training programmes. The Department of Family Welfare was responsible for assessing the suitability of prospective foster children and for the subsequent monitoring of their life. Recruiting, training, supervising and supporting fostering families or individuals, is the responsibility of the Fostering Team within the Social Welfare Development Programme SWDP). There are various forms of Fostering, namely: Respite, Emergency, Short-

term, and Intermediate, Long term/Permanent, and Next of Kin Fostering. Foster Carers are entitled to a Foster Care Allowance of €40 per week or €2080 per annum per child, paid to a person or married couple certified by the Director of Social Security, APPOGG, that they are the official foster carer/s of a child.

This allowance is distinct from Children's allowance, which is payable to locally residing female citizens of Malta who have the care of children under 16 years of age. Families with a household income exceeding €23,923 are entitled to the Fixed Children's Allowance of €250 per child per annum; this sum represents the minimum that a family may receive under this programme. In the case of families where the household income is €23,923 or less, the eligibility to Children's Allowance is calculated on the percentage of the difference between the declared income of the family for the previous year and the established threshold of €23,923. All children receive the same amount of allowance, namely 6% for each child. Prior to 2008, the percentage increased from 6% to 15% for the first and fourth child respectively and was a constant 3% for the fifth and subsequent children.

There were 418 cases in the 'Looked After' category and 155 children under the Fostering Service Programme in 2007. There were 160 in foster care in 2008.The number of children in residence in Church run homes varies from year to year; there were a high of 271 in 2006, and a low of 181 in 2005; they numbered 197 in 2008. These data exclude the children looked after at St Patrick's School. The annual participants/cases in the three programmes are presented below. The number of children in foster care increased from around 30 in the mid-nineties to 155 twelve years later. There are around 250 children in the 'Looked After' programme at present (Muscat F, 2008:48).

Table 1

Child Protection Services	**2003**	**2004**	**2005**	**2006**	**2007**
Fostering Services (No. of Children)	134	156	169	159	155
Looked After Children (No. of cases)	416	425	443	457	418
*Looked After Children in Church Homes** *(Data exclude St Patrick's School)*			181	271	230

Source: National Statistics Office, 2008b:11)
* Central Office 'Ejjew Għandi'

But the number of cases where particular children are assessed more than once during the same year hovers over the four hundred mark. There were fewer children/ cases under every one of the three categories compared to the highest number recorded in the past five years.

5.1 The Debate regarding the relative merits of the two approaches

Psychologists nowadays recommend that the ideal place where children are brought up from birth is in the home. This assumes a place of security, primarily emotional, where a human being finds affection, encouragement, comfort and support. It is the 'ideal' environment where to find oneself, develop one's talents, make up for one's weaknesses and prepare for life. The rest of the world will, in turn, provide variety of experiences, other types of challenges, and other rewards. But, at the back of a person's mind there will always be a place to call one's own, where one feels secure and warmly welcomed.

The real world is not exactly like this. People find themselves in situations where they are not welcomed, even in their 'home'. In this case, they are either pushed around since very young, or have to cope under duress, or, manage to escape and try to find an alternative place that substitutes the comfort and peace of mind that ought to be offered by 'home'.

Policies to cater for such situations evolved over time. They reflected thinking at the time, role of governments, role of charity and philanthropy, and, above all, knowledge on how human beings grow, adapt, and desire to live and behave. Moreover, policies at any one time do not often start from an 'ideal state' of no policy at all. Rather they depart from a scenario where certain decisions were made to ameliorate the lives of many in the context of the social,

political and economic conditions at the time. In the case of child support services in Malta and Gozo, the prime shelter for children in need came either from the extended family set up or from the complementary voluntary range of services offered by children's homes generally run by religious orders.

As was the tradition in various social functions, including participation at religious activities, there was segregation by gender, especially as children grew into youth. This meant migration from one home to another, according to age. It implied an emotional break up from the past, and the challenge to adapt to a new regime implemented by another group of carers. It could imply a move for the better, if the initial residential environment was uneasy. But it may signify a move for a worse state, if the original milieu represented affection and care. However, the fact itself implied a break with the past.

The role of government in the economy extended itself in the West after the depression of the 1930's, and particularly after the devastating global effects of the Second World War (1939–45). More emphasis was made on spreading the social welfare safety net and financing it out of general taxation. Childcare, universal education, health services and social housing came to be seen as 'merit goods' – goods that can be provided by the private market or voluntary non-profit organisations but they were so important for society that they had to be supplemented by government from general taxation. These services enhanced the humanness of the individual and the cultural and productive worth of a community.

A critical, evaluative assessment of the services provided at the time was bound to follow particularly as per capita incomes improved in the wake of rapid and steady economic growth. This assessment was assisted

by advancement in the understanding of human beings, since early on in their infancy. This knowledge tended towards the home setting as an ideal. It suggested a move away from the regimented, large number approach that had been adopted to date.

At the same time, economic growth, fed by increases in productivity, led to personal financial independence for many. This gave rise to a new social ethos now referred to as consumerism. This is characterised by the belief that more income alone is always synonymous with more happiness. If carried to extreme, such a view could imply that every subjectively felt need or unhappiness can be satisfied by the purchase of additional commodities. This attitudinal set up became widespread in many countries. Unfortunately, it seems that the more one gets the more needy one feels, the harder one works the greater appears to be the need for even harder work in the future.

Per capita consumption in the Maltese Islands increased as a result of higher income per head, a cultural change in outlook on time preference (bringing consumption forward through purchase on credit) and the support in cash and kind that arose from an extended public welfare network. Eventually it grew so much that all income earned in a period is now being consumed in the same period (the average propensity to consume is close to unity). And, more important from this paper's perspectives, the role of the home/family and children has been re-evaluated. Data suggest that as consumption grew, and lifestyles 'improved', individuals became more self-minded and raised personal freedom and choice up in the hierarchy of values. Rather fast, the shift towards individualism 'clashed' with the 'stability model' represented by the family/home/married life underpinning of personal and social organisation. Instead

of working within the constraints of that paradigm, Maltese society started veering away from it. The end result is the emerging situation as reflected in the census data presented in section 1 above.

We are now faced with two important policy issues. The first one is to identify the best way to assist children born or/and raised up in unsuitable home environments; the second is to limit the number of such cases in the future. The first issue has been the subject of debate where a faster move towards a home–for-home set up is being recommended; this was the driving force behind the fostering structure that emerged in the nineties. There is still a very long way to go, as may be observed from the data in Table 1 above: 155 children in foster care and 250 in homes for looked after children. These numbers cannot in any way be discounted. So even in terms of this 'static' initiative, there is a huge demand for resources, in human and financial terms, which have to be addressed before such a measure can be realised.

But it is the second issue, apparently considered to be extraneous to this fostering/residential home debate, which has to be addressed. It refers to the reasons why children are born in such unstable environments or why children have to face situations that demand their transfer from their 'natural' home to another place of refuge in search of security. This dynamic factor is part of the entire strategy package. It has to be discussed in conjunction with the fostering/residential debate because it represents the supply side in a four stage scenario, namely: (i) family/parental factors/discord that generate the supply of children in need at birth or later on in life; (ii) the children identified to fall in this category; and (iii) identification and support of couples/individuals to raise these children under a fostering programme or

(iv) residential homes to look after those children who, for any reason, are not provided for under the fostering programme.

The four stages, together, have to be considered. Adequate resources for all four have to be forthcoming in the short to medium term. Otherwise the number of children in stage (ii) will continue to increase and the major shift from (iv) to (iii) will never materialise. Indeed, we may come to a situation where fostering may not expand on the desirable rate, the capacity to care for the new cases in residential homes (in terms of staff and other amenities as specified in the National Standards being proposed) may not be available, with the result that children have to 'queue' before being admitted. Their security and well-being will be thrown to the wind and the empowerment/ happiness objective for the children in question will be surrendered.

Queuing is already appearing in the health sector, irrespective of new expanded hospital facilities; patients have to wait for months if they want to benefit from subsidised services at the public hospital. It is also already in place for particular educational courses at diploma levels; witness the shortage of facilities at the MCAST for IT related courses. It will happen also in the caring for children sector, if policy makers adopt a segmented approach to the whole matter. In the case of hospital and educational/training facilities, the policy maker may always revert to the private sector and provide the service at the public sector expense. But in the case of caring for children, if the list for fostering/adoption/residential care is exceeded, there will be no place where to generate comfort and emotional support for the children in need. Malta may already be close to this situation.

5.1.1 The Case for Fostering

Studies encouraging a drive towards fostering from a very early age are based on comparative life histories and achievements of people in different upbringings, but more so of twins brought up under different care environments. However, all systems create their own specific set of issues that have to be addressed from time to time. Besides, systems are generally judged in terms of their utility in particular social contexts. Section 6.1 below records the experience of the United Kingdom in terms of programme effectiveness and evolving perceptions and expectations of participants.

In Malta, a survey carried out in 2001 (Abela Angela et al, 2005) is interpreted to suggest a preference for the fostering model by the children interviewed. The study concluded that:

(i) Children in foster care are more favourably disposed towards the care they receive than children in residential care.(p.14)

(ii) Children in foster care seem to enjoy a higher level of trust and attachment with their foster carers than do children in residential care. This arises because children in foster care are usually the youngest in the foster family with the children of the foster carers being much older. In the residential home environment, however, the ratio of children to significant carer is greater with some homes caring for up to twelve children in a unit; smaller groups are never less than six. (p.14)

(iii) Some children are happy in either setting. They believe that newcomers 'would have nothing to complain about if s/he were to live in their home'. (p.15)

(iv) Rules and regulations are a symptom of institutions, created for reasons of efficiency but they may become rather inflexible and not child-focused. While children in residential care expressed dislike for having to abide by rules, those in foster care have not listed rules as one of their dislikes.(p.15)

(i) Children's rights have to be respected. The majority of children claimed not to have been consulted in relation to placements. But the majority of respondents were admitted into residential care while still young infants. (p.15) Failure to listen to children can have damaging consequences for their healthy emotional and cultural development.

The subjectivity of the replies may be inferred from point (iii) above and from some observations from the UK experience presented in section 6.1 below.

5.1.2 The Case for Residential Homes

Church-run homes for children have been filling a void for many years. There is a structure that is offering a service in the absence of government programmes run on a scale that, firstly, can care for the children in the homes and, secondly, that can support the families who assume responsibility for fostering or adoption. Besides, such programmes have to somehow ensure that the number of children in need of urgent support get smaller; it is getting bigger instead. So, this service is destined to be around for some time; hence it has to be addressed in order to enhance the provision of its services.

If the network lacks the facilities of a pre-admission unit, then such a unit will have to be set up and funded adequately. It will not be a large unit, but it can offer also

some short-term 'respite' to the overburdened system of placing the children under care order.

Simultaneously, the case of the carers, members of the religious communities, many of whom are ageing, will have to be considered. If there is a phasing out programme in sight, for want of religious vocations for example, then such a schedule has to be carefully planned out. In the meantime, a more human work load, meaning more human and financial resources, will have to be allocated. After all, this is part of the vision of the fulfilment of ALL human beings, whether children or grown up members of religious orders caring for children.

What one wants to avoid is to drive towards a 'preferred position', say fostering, and dismantle a system in place for many years that can still be rendered functional, only to see the re-designed support programme falling flat with no alternative to fall on. At the moment, the traditional residential set up is being complemented by the emerging fostering system. But a drive to shut down the homes may leave society with no alternative but to place children immediately from one family environment to another. There is no guarantee that such a 'perfect' system in allocation can be put in place within a short time; indeed it could be that BOTH systems – residential homes and fostering – may face difficulties that could prove to be hard to resolve. In this case the children will suffer as a result.

6. Putting a Monetary Value to the Respective Systems of Support

We are referring to human lives and human happiness with their spillover effects across society at large. Contended people tend to be positive in their outlook of

life, and promote that feeling among others. They relate better at home, at work and at leisure, thereby enhancing output, incomes and cultural activities. But putting a monetary tag to such actions cannot be taken to imply valuing life. As observed in section 4.1, the methodologies pursued tend to reflect a particular objective, with measuring tools made commensurate to the task at hand. One cannot expect young children to demonstrate their willingness to reduce risk of an adverse upbringing by buying a risk insurance against such an eventuality. They cannot choose their parents or the place where they are brought up. So any measurement of 'value' will have to reflect other criteria than Willingness to Pay. Later on in life they may be able to identify a value for Willingness to Accept that reflects the monetary equivalent of the loss in personal dignity and development of talents as a result of a weak/adverse upbringing. This valuation will represent another matter altogether. Maltese case law has not yet been tested for a situation like this, involving children-parents/guardians and claims for retribution. But one never knows, especially in an intellectual environment where compensations for wrong and right deeds are now becoming more pronounced (Delia, E. P. 2006a)

In the case of valuing the outcome of two different systems of child support, one can opt for a cost-effectiveness approach. The ultimate objective is the empowerment of a human being, to lead life to the full, develop one's innate talents and contribute to society's wealth without which inter-generational solidarity cannot be exercised effectively. Human beings are born with their native talents but not with a capital stock. That supply of resources has to come from the grown ups who generate surpluses and pass them over to the upcoming generations. Young children can only dissave in material

terms. They consume more than they produce, which is equal to zero. What they produce and is not generally given a monetary value is the psychic well-being to those around them. As long as this direct positive impact on those around them lasts, children will be cared after and protected, no matter their condition. Once this impact turns negative, children will be considered personal or public 'harm'/'bad'. They suffer as a result. But they can make society 'pay' at a later date in terms of the resources needed to re-address them to an environment where they are wanted and also to redress personal harm to others through life.

Catching persons young and assisting them to grow up in relative comfort and be contented is rewarding for them, for those who help them grow, and for society in general. It is important, therefore, to identify the systems that lead to the optimal outcome at present and in the future. Yesterday's structures might have been the ideal vehicle to meet the circumstances at the time. Residential remedies, on large scale to meet high birth rates and relatively high maternal mortality rates, made economic and managerial sense. Besides, the extended family structure did provide some form of relative basic care even during hard times. The insular family pattern nowadays, more so the growing incidence of single parent household, does not offer that comfort any more. And people's reliance on a welfare state has re-configured expectations on 'external' support: while voluntary help is never ruled out people come to look more on a state/public sector solution to personal and community issues. Even, though, ultimately these issues remain predominantly personal and hence highly subjective.

So, if fostering leads to a more balanced individual, in terms of attitudes towards self and others, then fostering

ought to be encouraged. If experience shows that the selected children who underwent a fostering upbringing developed into more emotionally stable beings, were satisfied with themselves and communicated better with others then that experience is best shared for as large a number of children possible. Measuring in money terms can only include material inputs: shelter, clothing, education, leisure and so on. But it can never give a monetary value to caring, listening to, playing with a child. At best one can take the opportunity cost of passing an hour playing with a child with the income forgone, which differs from one person to another. But the two are not identical, and the one who determines whether there is a difference or not is the child. See the different views regarding fostering/residential care as an attraction reported in the Malta case study in section 5.1.1 point (iii) above.

Still, a policy decision can be taken to continue supporting the existing dual structure but forking more resources than at present to the fostering activity. This applies to the management of the system (screening, training, monitoring and support) and to the households (single, parents) who are selected to undertake this delicate task. The financing of the range of services run by APPOGG increased from €1.8million in 2003 to €3.6million in 2007, representing a rise from 0.2% to 0.4% of social protection bill. While positive in what it is achieving, such an outlay does not reflect what is actually needed to meet potentially rising demands for effective child care services. There were a number of children retained at home, notwithstanding court orders to the contrary in 2007 and 2008; the number of care orders has increased in recent years. But shortage of assessment units, placements and financial resources is rendering

a timely re-allocation of the children involved very difficult. It means that the present precarious situation of these children is being extended unnecessarily. Evidently, the situation is becoming compounded. An integrated approach is necessary to avoid even bigger personal hardships and social problems in the future.

6.1Costs, Effectiveness and Changing Perceptions and Expectations: The UK Experience

Decisions on these matters have to be based on two convictions. Firstly, the community's commitment to help as many of its members as it can to develop fully their talents and succeed. Secondly, resources are limited; so it is crucial for the success of a scheme to offer services efficiently, at the least cost possible learning all along. To achieve this one has to understand the nature of the services on offer and, at the same time, be aware of the intricate characteristics of the cost matrix related the range of services in place and projected. The experience of the United Kingdom on these matters illustrates the issues under consideration. To date fourteen studies were commissioned by the British Government as part of a programme of research on Costs and Outcomes in Services for Children in Need.

One study (Bebbington and Beecham) sheds insight into cost computations and cost interpretations of different child-oriented services. Data collected for particular purposes have to be extensively reviewed and, at times, re-computed to fill in gaps or re-estimate according to study's needs. However, the authors do present results that could be usefully applied elsewhere. These are summarised below.

(i) A child-centred approach to social care means that one can never expect to find expenditure

completely predictable. The main circumstances of the child that influence weekly expenditure on actively supported children in need are:

- Where the primary is low income family or absent parenting and socially unacceptable behaviour
- Older children, and looked after babies under one year old
- Boys, slightly more than girls
- Children on Child Protection Registers, receiving post-adoption support, and asylum-seeking children
- Costs were lower for disabled children than for non-disabled children, particularly those without behaviour problems.

(ii) The total weekly social services cost for children looked after (CLA) and children supported in their families or independently (CSF/I) were estimated at a median weekly value of £273 for CLA and £55 for CSF/I. However, there was considerable variation around the averages, often driven by a few children on whom particularly high sums are spent. The highest cost for a CLA was £8,969, and for a CSF/I was £8,521. As a result of this highly skewed distribution, the mean weekly costs are much higher than the median, and are less indicative of the typical costs of a child.

Another study focused on the costs and consequences of different types of child care provision (Ward et al, 2007). It was based on the backgrounds, needs and experiences of a population of 600 children looked after by three matched pairs of local authorities between 2000

and 2001. The costs of looking after children away from home needs to be understood within the context of the cost of providing services to all children in need. The relationship between the various factors involved is very complex; and it has to be understood if a combination of services reflecting both efficiency and effectiveness in reaching their objective- namely, children's well-being – is to be devised.

In the UK, the following indicators are known to increase the vulnerability of families and the likely demand for services: high population density; the prevalence of lone-parent households with dependent children; overcrowded households; receipt of income support; ethnic minority groups. Costs are also influenced by other factors that affect the costs of service delivery. These include the way costs are calculated; the way the service is organised; availability of placements; staffing; individual needs of children. Moreover problems in recruiting and retaining staff led to the extensive use of agency staff in both fieldwork and management posts. This tends to increase the costs of service delivery at the same time as reducing continuity for vulnerable children.

Eight processes that support the case management of looked after children were costed for the study: deciding a child needs to be looked after and finding the first placement; care planning; maintaining the placement; exit from care/accommodation; finding a subsequent placement; review; legal processes; and transition to leaving care services. Focused discussions were held with social workers who were asked to break down each process into its component parts and calculate the amount of time it took each staff group to complete its separate tasks. The children in the study fell into eleven groups categorised by single or multiple combinations

of additional support needs. Unit costs were calculated using these data together with information about salaries and placement fees.

Several general conclusions may be drawn from this study. These are:

(i) Variances in costs tend to reflect the time spent in the placement type.

(ii) Careful planning at entry to care/accommodation, and effective strategic planning overall, tends to reduce costs.

(iii) Children with exceptionally high support needs received extremely costly packages of care. Mean costs increased as children's needs became more complex. Moreover there were greater variations in costs for children with simple needs that for those with extensive support needs; this fact suggests that authorities were increasingly restricted in their choice of placements for the latter.

(iv) Children who followed least costly care pathways appeared to have the best opportunities for developing and sustaining secure relationships with adults and peers.

(v) The profile of most of the asylum-seeking children tended to follow closely that of the young people who showed no evidence of additional support needs, i.e., they tended to remain in stable placements, accept routine health care and have no unscheduled changes of school.

(vi) Children with extensive additional support needs – particularly those who showed no evidence of disability but emotional or behavioural difficulties plus offending behaviour – were most likely to be excluded from school, to leave without qualifications and to be unemployed at the end

of the study. Some young people in this group had very extensive additional support needs that would require intensive, expert interventions from a range of agencies throughout their adolescence and early adulthood. They appeared to gain little benefit from being looked after.

(vii) In young people's views, the distance between placements and friends and family was a significant issue for many young people: close placements were generally perceived to be more successful. Educational support, whether in the form of specialist centres/residential units or from a variety of agencies, was largely viewed positively, while a lack of support resulted in poor outcomes for some children and young people.

(viii) Many children recognised that their poor behaviour was a key factor in failed placements. However, many reported that behavioural problems were linked to other placement problems, such as poor quality of care, of their unhappiness with the behaviour of, or relationship with, other children they encountered, particularly in residential units. Despite being costly, support to help manage behaviour, sometime within residential units, was also generally viewed positively by the young people and thought likely to provide long-term benefits.

(ix) The majority of the children and young people felt listened to and involved in decision-making but some expressed concern at the review process and felt their views were not acted upon. The provision of support particularly if independent from social services was remarked upon as empowering the young people to take a full role in decision-making.

A third study focuses on remuneration and performance in foster care (Kirton et al) using a two-stage approach. In stage one, a multivariate analysis was undertaken of data relating to looked after children populations, related expenditure and fostering performance indicators. Stage two explored the views of service managers, family placement workers and foster cares. The study examines the relationship between remuneration and other services available to foster carers and the performance of fostering services. It suggests that there was some evidence to hold that:

(i) In local authorities facing greater demands in terms of the size and make-up of their looked after populations, fostering services would not perform as well as in those facing lesser demands.

(ii) Higher spending on fostering and other children's services would be associated with better foster care performance. However, there were other factors at work besides these two.

(iii) Foster care populations have become more diverse in terms of age, ethnicity and marital status. But they are still not fully representative of the wider community. Seventy percent of carers reported household income from non-fostering sources of under £20,000.

(iv) Relatively few carers are highly money-oriented, but the value context for foster care is changing, with altruistic motivation tempered by expectations of reasonable financial reward and recompense. Foster care is increasingly seen as 'employment' and 61% of carers support the idea that foster care should be salaried. Within local authorities only 39% of carers expressed satisfaction with their remuneration. Arrangements for additional

payments and efficiency in dealing with payments played an important part in carers' satisfaction.

(v) There were strong links between feelings of support and satisfaction with payment. Only a minority of carers would favour higher payment if this meant less support.

(vi) Adopting foster carers tended to be more deeply involved in foster care, judged by length of fostering career, number and range of placements, lack of alternative employment, and participation in fostering activities. They also appear to show less concern with the financial aspects of foster care. However, a third of those not adopting gave financial reasons as (part of) their explanation. Carers considering or pursuing adoption were less likely to feel valued by social workers, perhaps suggesting a desire for greater autonomy through adoption.

In short, caring for children is a complex phenomenon. It requires dedication, altruism, and a variety of human skills and other capital resources. UK experience suggests that as new generations of support-providers come on stream, the sense of sharing/giving may gradually give way to an exchange of the service: one cares for a child and is therefore rendering a service to the community; hence one should get paid for caring. While the sense of giving should in no way be minimised, yet the 'exchange equation' has to be accounted for in future welfare support programmes. This is especially so once society appears intent to support those families who, for whatever reason, fall short of meeting their parental duties.

Therefore, rather than focusing solely on elements ii, iii and iv introduced in section 5.1 above (namely, children

in need, foster carers, residential home carers), one has to consider further the source of the 'children in need', those families who are constantly generating new children who have to be looked after, either fully or partially, by complementary social support. The entire family support set of rules for financial and service entitlement needs to be scrutinised to identify its true effect on the rights of children. According to the United Nations Convention of the Rights of the Child, these consist primarily of the right to survival; the right to develop to the fullest; the right to protection from harmful influences, abuse and exploitation; and the right to participate in family, cultural and social life. Economic theory may indicate a way out of this seeming impasse.

7. Legislation and the Family: To subsidise and to charge?

There is a hierarchy of rights. The ranking represents a community's basic values. The right to life precedes the right to develop one's leisure interests, for example. Personal rights are not symmetrically equal. This ordinal ranking is even more important to specify when one compares the rights of an individual with those of another, say, a child and a parent or guardian. In this case, the basic rights of the child have to be promoted and defended by someone else because a child is weak in relation to an adult. Children are always the losers unless their interests are cared for in time and effectively by the rest of the inner circle of relatives or the community at large represented by public/voluntary caring institutions.

Intervention on behalf of the child's interest takes place because of a strong belief in the intrinsic value of life

and also because of the additional external benefits that accrue to society at large from a person's contributions to every day economic and social activity. Communities support child development directly through tax financed health, housing and education programmes. The child benefits from such activities. They also support families, irrespective of size and composition, in various ways in cash to facilitate the rearing of children. The allowances under the Children's Allowance Scheme, Foster Care Allowance, and the state contribution to children cared for in Church Homes are examples of cash transfers meant to ease the financial burden of assisting children to grow up in family/group environments. Subsidies are meant to encourage the use of specific services or the consumption of particular goods.

Conversely, if a society believes that a commodity represents harm to an individual or to the community at large that society, through its representatives, tries to discourage the consumption of such harmful commodities. It taxes these goods in an attempt to combine the relative freedom of choice of the consumer with a price deterrent, short of banning their consumption. Additional charges are meant to curb demand.

However, once a policy decision is introduced, that decision changes the very nature of the variable under discussion. People realise they may gain personally from the measures in place, especially if these represent monetary rewards. Thus, if legislation favours the support of particular personal/family situations, for example a range of monetary allowances that altogether compare very favourably with wages obtained at work, then people may be tempted to exploit these fiscal/social circumstances. In a social climate where people come to expect the government to 'underwrite' their lifestyle costs,

a rather generous well-intentioned public or voluntary support programme network will give rise to welfare fraud. It may undermine the very basic values that gave rise to the support net in the first place. Since such decisions can only be taken by grown-ups, children may not gain at all even if society's initiatives in cash and kind were primarily directed to their personal development and upbringing.

Only if the philosophy of sharing is widely diffused can people be expected to plan their lives to benefit the least from public programmes or voluntary support. In a society that is brought up in an environment of extensive tax-financed (or even at times public debt financed) network of support – to welfare schemes, industrial projects and public sector employment – it is rather difficult to expect a frame of mind that favours sharing. Sharing becomes unidirectional: from the collective to the individual with attempts to minimise the transfers in the opposite direction. In such an environment it is a relatively easy step to exploit children-oriented schemes in the interest of the grown-ups. Besides, tax fraud will complement welfare fraud and lead to additional financial burdens on a community or to the curbing of on-going welfare programmes or to the suppression of new initiatives.

For this reason, government and non-governmental family oriented activities have to be constantly monitored to ensure that they are attaining the objectives for which they were instituted in the first place. This is especially important in a community facing new demographic challenges for the first time. In Malta's case the society is facing simultaneously a rapidly ageing reconfiguration, arising from a sharp increase in the number of persons above sixty and a steep fall in the number of those under fifteen. Besides, household composition is veering

towards the two-person household and an increasing number of single parent households. It follows that piecemeal amendments to existing welfare legislation can only compound the issue.

It is timely therefore to define the socially preferred family model, relate support in cash and kind to enhance that model, without neglecting other forms of family-organisation. To keep on amending a legislative set up introduced in a different socio-economic context and 'adapt' to the times will end up creating a corpus of rules and incentives that could possibly work against the very institutional interests Maltese society may wish to uphold. Something similar seems to have already happened in connection with legislation on Consumer Protection. In this case, legislators kept adapting the Supplies and Services Act of 1947 and the Consumers Affairs Act of 1994 with the result that they ended up not knowing whose interests were the acts supposed to be defending (Vide. Delia, E. P. 2007:195-228; 245-273). In this case, one has to uphold the interest of the child, as defined in the UN Convention of the Rights of the Child, and to support specifically the unit that promises to meet effectively such rights.

In several countries there is a growing feeling that welfare legislation, widely defined, may be sending different conflicting signals that are not conducive to a healthy ethical development both on a personal and on a social level. Indeed, one author goes as far as claiming that the State may be at 'war' with the family (Morgan, 2007) notwithstanding the good intentions expressed in budget speeches (Vide e.g. HM Treasury, 2008) While one has to keep assessing the best way to help children in need, one has also to consider why do children become needy and ensure that existing welfare legislation may not itself be in part the cause of generating such future needs.

A combined subsidy-charge approach has to be implemented. It seems that for some time more weight was given to the 'inclusiveness' element, hence on support in cash and kind, without placing due weight to the accountability and responsibility that members of the community have to bear. This approach may be leading to a situation where society is trying to remedy the harm done while not focusing enough in avoiding such situations in the future. Welfare systems have become predominantly remedial and not pro-active. This applies to 'welfare' widely defined to include all forms of support to families and industry. A withdrawal of the subsidies could be a deterrent for those who do not want to assume their respective responsibilities.

8. Summary

Personal happiness and self-fulfilment are the end-all of economic and social welfare policy measures. These objectives have to be attained in a dynamic world in which social mores and cultural aspirations are addressed by subsequent generations. They re-configure existing institutional networks to suit their immediate and long-term objectives. But in so doing they risk inadvertently to lose sight of the primary aim of the system, namely personal empowerment, fulfilment and well-being.

Inter-census data for the Maltese Islands suggest an underlying change in the way Maltese society evaluates the family group, personal freedom and the right to choose. Maltese are drifting away from the traditional family structure, redefining the term family group, and modifying the eligibility to welfare benefits and tax payments accordingly. But there is no comparable

enhancement of the institutions, primarily in the educational sector, that are preparing adequately the Maltese to face this rapidly changing social and moral environment. The institutions in place are therefore failing in a growing number of instances to effectively empower people to meet the demand of the evolving socio-economic milieu. We may be seeing the output of several institutional 'mirages'.

Piecemeal adaptation of legislation tends to end up with achieving the opposite that it is meant to attain. It is reactive rather than proactive; generally slow in adaptation purporting to be all-inclusive, and responds to a situation that is no more. It looks at the past rather than the future. A future-oriented policy is holistic; it emphasises one main policy objective and sees that measures are harmonised and leading to the attainment of the desirable aim. Experience shows that this may not be the case for social legislation. Static welfare programmes aimed at supporting particular groups are turning out to become themselves the source for future creation of the conditions that they are supposedly meant to countervail. Rather than supporting family formation, for example, they end up encouraging unknowingly family break ups with the consequent harmful effect on children. Children who suffer traumas early on in life are bound to become 'disadvantaged' emotionally, culturally and possibly economically for the rest of their lives.

Putting a monetary value to loss of childhood is highly arbitrary if for no other reason because children cannot choose where they are born and brought up. They cannot decide on the amount they are prepared to 'pay' to avoid a risky upbringing, nor determine the value of compensation they wish to claim to make up for harmful upbringing. These issues may be taken up in the future in a

society where compensations/rewards for external harms and benefits are becoming more common. But it is up to society to safeguard the rights of the child and strive to create a legislative and administrative (including family) environment where self-empowerment is realisable. Financial support may have to be complemented by financial withdrawals to render a programme really and truly effective.

One can apply these general ideas to the on-going debate on welfare support programmes for children who are identified in need arising from a weak, unhealthy family environment. The debate focuses on fostering care services and residential care, together with the ideal resource complements that go with them. This paper suggests that the debate is extended to include also the 'source' supplying the children in need and the social legislation which may be conditioning this 'source'. Failure to include these wider considerations may lead to misleading short term conclusions regarding the better way to offer support services and the amount of resources required. Besides, it will fail to measure resource need in terms of a dynamic system that is accelerating the number of children in need. Understanding care systems implies understanding the overall welfare system legislation that rules benefits and their opportunity costs.

Research emphasises the evolution of social perceptions, as the demographic components of a society change over time. It cannot be expected, therefore, that there is only one way of attaining an objective. The means have to be evaluated from time to time and any decision regarding legislative and administrative changes has to be located in the wider social support spectrum. This applies to the fostering-residential care discussion. Malta's system of support in this area is already finding it difficult to meet

existing needs. It will become harder to remedy the matter in the future. Suffice to point out that at present there are around 400-450 children looked after by the fostering and Church Home programmes, but between 700 and 800 children are born annually outside marriage. Partial debates are useful in focusing on the relative merits of respective schemes, but they have to be complemented by comprehensive analysis of the entire social legislative programme to assess the long-term viability of the welfare set up itself. Failure to do so will lead to queuing, inadequate institutional structures, and the missing of the fundamental objective of the programme itself, namely, personal empowerment, self-fulfilment and well-being.

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