

SAFETY NET IN SOUTHERN EUROPE

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Summary: *'Safety net' is regarded as the bottom-line of social welfare. Its establishment in Western democracies aims at providing citizens and families with basic means that guarantee the satisfaction of minimum vital needs and facilitate social integration. In Southern Europe (Greece, Italy, Portugal, and Spain) the building up of nets of social assistance is highly conditioned by the nature of its welfare development and institutional peculiarities. Four elements can be underlined in this respect: (a) Fragmented social protection of an occupational nature; (b) A type of family in which women carry out a pivotal role for assistance and care; (c) A particularist distribution of welfare resources and fiscal transfers; and (d) An increasing role for the 'third sector' in the provision of social services. The paper looks at issues regarding the targeting of the poor, the 'Mathew effect', the Southern family, and the implementation of minimum income programmes for the excluded and poor in decentralised Spain.*

1. Introduction: weaving the net.

In modern democracies, the 'safety net' in their systems of social protection is constituted by those resources which provide the minimum means of sustenance and civic integration to those citizens and families who lack of them. The institutionalised expressions that such a net adopts in each country vary in different degrees and manners. The complex task for the social scientist is to determine the constituent materials by which the net is interwoven. Public programmes of social assistance provided on a means-tested basis are basic elements to be considered. But often the aggregate of policies and interventions are fragmented and targeted to different collectives with no correlation between them (Eardley *et al*, 1996a). Other intervening factors, such as intra-familial transfers or altruistic help provided by NGOs and 'third sector' associations, play a crucial role in the configuration of the net. These factors are of a paramount importance for the understanding of welfare arrangements in Southern Europe (Greece, Italy, Portugal and Spain).

After World War II, West European systems of social protection were based upon the assumption of full employment and on the complementary role played by the family. This scenario has dramatically changed in recent times. On the one hand, processes of globalisation of the economy and industrial transformations have had wide-range effects on the national labour markets. On the other, there have been deep structural modifications as a consequence of population ageing, the increasing participation of women's labour force, new family patterns, and re-arrangements within households. Besides, fiscal crises and the erosion of the ideological consensus regarding social policies have also conditioned the re-construction of welfare states in Europe. These have aimed at reforming their systems of social protection in line with further policy decentralisation and privatisation of social services. They have also experienced further mixing in institutional terms with and increasing participation of the 'third sector', and a relative hierarchical segmentation in

social terms. Public expenditure control has come to the fore within the political priorities of all Western governments (Esping-Andersen, 1996).

These transformations have brought about higher degrees of uncertainty for wide social collectives who were covered in the past by social protection schemes and now face increasing economic and social vulnerability. Given this context, safety nets have become focal points of attention. There is a perception that social policies are to be re-orientated so that situations of poverty and social exclusion can be tackled more effectively. In most cases new policies are to be carried out according to targeting criteria at national levels. There is also a European concern expressed in those EU programmes set to combat poverty.

At the academic level it is worth underlying that new conceptual frameworks for the analysis of both poverty and social exclusion are being developed (Gaudier, 1993; Room, 1995). However, when analysing the constituent elements of safety nets some theoretical and methodological problems arise with respect to Mediterranean countries. Public, private and 'third sector' resources are intertwined in ways and means often difficult to unfold. Some social scientists concentrate mainly on those parameters (government outputs such as government benefits and other available 'measurable' economic indicators). But such studies often fail to grasp the very intricate nature of social life and institutional arrangements in South European countries. Frequently, such studies neglect the importance of the interrelation between state, civil society, family and the individual in establishing safety nets, as well as in providing social cohesion and political legitimisation. A review of the main features that characterise the South European model of welfare is, thus, an essential analytical premise in order to engage in further analyses.

2. The South European model of welfare.

In recent times, a distinct model of South European welfare (Greece, Italy, Portugal and Spain) has been contended (Ferrera, 1996, 1997; Moreno, 1996, 1997c; Rhodes, 1996; MIRE, 1997). The discussion revolves around on whether the Mediterranean type of welfare is constituted by a 'family of nations' (Castles, 1993) lagging behind those of the 'continental' model of social insurance to which they belong (Katroutalos, 1996). Or else, whether it is a mere 'Latin rim' characterised by a rudimentary level of social provision and institutional development (Leibfried, 1992; Langan & Ostner, 1991; Gough, 1996).

Unlike the Scandinavian or Anglo-Saxon typologies (Esping-Andersen, 1990), cross-national studies including Greece, Italy, Portugal and Spain are lacking¹. A good few issues deserve a closer examination, which could help us to define the overall picture of a Latin type of welfare. However, there is an analytical common ground to be explored.

¹ According to Esping-Andersen's ironic reference to the 'Four Laws of Sociology': «Everything is different in the South». The other laws are: (1) Some do, some don't, (3) Nothing ever works in India, and (4) There are no laws in Sociology (1993: 123-136).

The four South European countries share analogies regarding historical backgrounds, value-systems, and institutional peculiarities. They all had past experiences of authoritarian and dictatorial rule (for longer periods in the case of Portugal and Spain), and have suffered from economic and industrial 'delays' in the processes of modernisation (except for early-industrialised areas in Italy and Spain) (Giner, 1986). The religious factor has had a structuring role in all four countries, but the role of the Church as main organiser of social protection has diminished². This feature seems to correspond with a higher degree of secularisation in the social practices of Southern Europe. The impact of europeanisation and globalisation have brought about, respectively, increasing incentives to economic convergence with Northern and Central Europe (Economic and Monetary Union), and world-trade pressures to restrict social programmes (social dumping from less-developed countries). In broad terms similar social-demographic trends and macro-economic constraints can be observed in all four South European countries.

As concerns the cultural-axiological dimension of welfare development there is a self-perception of differentiated needs and lifestyles (intra-familial pooling of resources, home ownership, and heterogeneity of social reproduction). Also noticeable is a compelling household solidarity and a pre-eminence of values of family inclusion and life cycle redistribution (gift mechanisms, processes of age emancipation, proliferation of family companies and jobs). Moreover, cultural choices and practices have structured their civil societies in a characteristic mode (social networking, patronage, clientelism, and group predation).

In institutional terms, labour markets in Southern Europe show an apparent cleavage between 'insiders' (hyper-protected core workforce), 'peripheral' (in-between gainfully employed) and 'outsiders' (precarious, 'left-outs', and 'junk' labourers). There are fragmented systems of income guarantees and wide inter-generation disparities in cash benefits (e.g. overprotection of the elderly in Greece and Italy)³. The status maintenance principle characteristic of the systems in Continental Europe links cash benefits to work position and, thus, are to be financed by both employers and employees. However, a distinct trait of Southern European welfare is that other entitlements and public services, such as health and education, are to be tied to citizenship. Their provision is universal and generally decentralised, and their financing is met by general taxation. There is also a preference for subsidiarity and an

² In Greece the ubiquitous Orthodox Church of Greece continues to be the most important form of private action for the family and the poor (Symeonidou, 1996). The same applies to the Roman Catholic Church --and its organisation Caritas-- in Italy, Portugal and Spain. However, state welfare has widely increased in the last decades relegating the charitable action of the Church to a much complementary role. In Spain, for example, Caritas programmed 8,353 million pesetas to its 1988 social programme, an amount which was just above 9 per cent of the newly created Ministry of Social Affairs' budget (Rodríguez-Cabrero, 1990).

³ Italy and Greece are well above the EU mean percentage of 62.0 per cent for the *per capita* average old-age pension (77.6 per cent and 78.8 per cent in 1991, respectively). This is not the case of Spain and Portugal (47.3 per cent and 42.1 per cent, respectively) with a more balanced inter-generation distribution of resources. In Italy it may be improper to speak of a 'selfish' old-age generation but, according to F. Castles and M. Ferrera, «...clearly there is a set of life-cycle distributions which strongly favour the interests of the old» (1996: 175). See Table 1 for 'intensity rates' of old-age pensions in Europe, those being defined as average benefits per head as percentage of the GDP.

emphasis in the role of intermediary structures. However, publicly subsidised organisations, rather than subsidiary private and/or voluntary associations, carry out a significant number in the production/provision of social services (Ferrera, 1996; Moreno, 1997c).

Both Mediterranean welfare mix and the gender/family/work nexus are adaptable and complementary. These practices often translate into institutional particularism and low efficiency in service provision. In all four South European countries there are limitations to comprehensive reforms (e.g. implementation of a centrally run scheme of minimum income guarantees). Nevertheless, new functional and territorial approaches to welfare re-construction are gradually replacing traditional voluntaristic and paternalistic attitudes deployed mainly by, respectively, both main political formations of the Left (Social democrats) and the Right (Christian democrats).

3. Targeting the poor, the 'Mathew Effect', and the Southern family.

Debates on universality and selectivity have traditionally related to issues of equity and redistribution of welfare services and transfers. During the last decades a controversy has developed on the question whether targeting is not only more redistribute and egalitarian, but also more effective in dealing with poverty and social exclusion. One view sustains that, in general terms, public expenditure on health care, education, housing and transport systematically favours the better off in detriment of those citizens 'targeted' to have access to those services on an equal opportunities basis (Le Grand, 1982). Consequently a criteria of selectivity should be established in dealing with the least favoured groups in society. Another different view acknowledges that middle classes are favoured by policies targeted to the worse off in universal welfare states. However, in the long run this 'unwanted' effect stimulates the virtuous circle of encouraging coalition formation between the working class and the middle class in support for continued welfare state policies: «The poor need not stand alone» (Korpi 1980: 305)⁴. In the case of a universal welfare state like Sweden, there is evidence that the middle classes are favoured by state institutions (Söderström, 1988). However, and once fiscal transfers have been taken into account, 60 per cent of the households pay more and receive much less from the social insurance system⁵. In recent times the idea of 'encompassing' welfare arrangements, whereby universal coverage and basic security form the base upon which income related benefits are erected have been put forward with relation to Scandinavian countries. This approach is partially in line with the

⁴ According to Pzeworski (1985), and due the shrinking numbers of the industrial working classes, the Social Democratic parties need to be supported by cross-class coalitions.

⁵ When judging the net impact of all economic transactions, Rothstein (1996) underlines the fact that both incomes and expenditures must be counted: the Italian bookkeeping establishes that where there is a credit entry there must also be a debit entry. Accordingly, different income groups part with different absolute terms, even if their tax rate is the same in percentage terms.

'Bismarckian' principle of social insurance and aims at providing income-related benefits to all economically active individuals (Korpi & Palme, 1994).

The situation in Southern Europe runs opposite to the direction taken by some Scandinavian reforms. In fact, from a contributory system social security, where selectivity has been the guiding principle of welfare development, a recent trend towards universalisation of benefits and services has been consolidating. In the case of Britain's the last reforms are putting an emphasis in workfare and trying to avoid universal 'dependent' welfare. There seems to be a clear direction where most of the reforms implemented in the various systems of social protection in Europe are aiming at. As it has never happened before convergence is a noticeable development in the EU welfare states at the turn of the millennium.

At the heart of the above discussion lies the controversy related to the so-called 'Matthew effect'⁶, which has far-reaching consequences in the case of South European welfare. This 'effect' is perceived as providing disproportionate advantages for those with information resources over those who are entitled to benefits but lack of know-how and/or patronage network. However, and in contrast with the situation in other European systems, policies carried out according to targeting criteria in Southern Europe have had a 'ripple effect' upon worse-off categories expanding the 'grey zones' between both social insurance and social assistance realms. The main reasons for such phenomena can be explained by the following hypotheses:

(a) The role played by the informal economy. The size of 'tax-free' economies in Southern Europe is large (estimates of the 'hidden' sector range from 15 to 25 per cent of GDP). This translates into an uneven distribution of financial burdens across the various occupational groups. Needy and honest contributors are penalised and *vice versa*. What is relevant to our discussion is the *de facto* «balancing» of fiscal transfers between those citizens fulfilling their fiscal obligations (mostly members of 'insider' working and middle classes, and with clientelist networks of information and social predation), and those evading taxes (in many cases 'peripheral' or 'outsider' workers with no information resources and/or excluded from contributory entitlements provided by the social security system). The strategies of these tax-free «informal» labourers aim at maximising mainly from non-contributory selectivity programmes based on means testing. Some of them, however, refrain from doing so because of stigmatisation, a cultural behaviour widely extended in Southern Europe.

(b) The role played by the Mediterranean family. On analysing Southern European social protection the pivotal role of the family in social protection cannot be over-emphasised. In Southern Europe the welfare state is to a large extent the Mediterranean welfare family. Intra-familial transfers are both material and immaterial. Concerning the

⁶ This 'halo effect' refers to the assertion in the Gospel according to Matthew: «For whomsoever hath, to him shall be given, and he shall have more abundance; but whomsoever hath not, from him shall be taken away even that he hath» (13:12).

latter, the involvement of women to both elderly and children care is crucial. However, the increasing participation of female workers in the labour force, coupled with new burdens for family formation and expansion, raise big questions, as whether Southern welfare can survive as we know it at present. A trend departing from the traditional functionality of the family as an indispensable complement to the action of the welfare state towards a more 'universal' system of social services and entitlements is observable. Further changes, however, remain to be contrasted.

These factors, among others, are responsible for an apparent paradox: South European countries show a «visible» precariousness but severe poverty and social exclusion are limited and well below EU mean indicators⁷. In Spain, for example, unemployment takes the highest share of its social expenditure (4.8 per cent as percentage of the GDP, the highest in Europe). Among the unemployed both poor and excluded take a sizeable share. According to different official sources, figures of unemployment ranged from 21.5 per cent to 13 per cent of the active working population at the beginning of 1997⁸. However, in 1988 Spain was among the five EU countries with a least proportion of households where the head was unemployed and were living below poverty line⁹. Note that all South European countries were below EU average of 38 per cent, except Portugal, which, together with the United Kingdom, had the highest proportion of households living below the poverty line (Goul Andersen, 1997). This illustration seems to confirm the aforementioned paradox. In Spain, the means-tested sector of social protection, together with effect of the 'informal' sector of the economy and in the context of family solidarity, has significantly limited the effects of unemployment.

4. The Spanish Welfare State. Decentralisation and minimum income programmes.

⁷ With the partial exception of Portugal. Although poverty has been reduced in the country as a whole, its severity has increased for rural households (Pereirinha, 1996).

⁸ The figure mentioned in the first place corresponds to the findings of a national macro-survey, which is carried out every term in Spanish households (*Encuesta de Población Activa*, Active Population Survey). Despite the fact that the EPA survey is methodologically sophisticated and technically accurate in its mechanisms of data collection and processing, a long-standing controversy has developed on whether its results are representative of the actual situation of the labour market in Spain. «Real» unemployment figures must be somewhere between the EPA and that of 13 per cent, which is the registered unemployed at the governmental job agencies of *INEM* (National Institute for Employment). Note that the *INEM* classifies as registered unemployed all those citizens who have filed a job demand in any of its agencies and who legally qualify as unemployed. Thus, those who have a 'visible' job, the disabled or the students under the age of 25 are excluded. In order to be eligible to unemployment and social assistance benefits citizens must comply with the requisite of being registered at the *INEM* agencies.

⁹ The European Commission defines (relative) poverty as having less than one half of the consumption possibilities of the median household (corrected for household size and composition).

Spain has reconstructed a medium-size system of social protection as compared to the countries of the European Union. At present the Spanish Welfare State represents a fundamental structure for both social reproduction and political legitimisation¹⁰. Since its integration in the European Community (1986), Spain has followed a pattern of welfare convergence of a three-fold nature. Firstly, an universalisation of social entitlements (education, health, pensions). Secondly, a confluence in the pattern of welfare expenditure to the median of its European partners. Thirdly, a diversification in the provision of social services by private and 'third sector' organisations.

The Spanish Welfare State can be labelled as a *via media* with respect to other existing welfare systems (Moreno & Sarasa, 1992, 1993). Indeed, the welfare system in Spain incorporates elements of both Bismarckian and Beveridgean traditions, or rather between breadwinner 'continental' and citizenship-centred 'liberal' models. It also represents a middle way of de-commodification and gendering, and of universal and means-tested access to services and benefits. Policies carried out according to targeting criteria have had a 'ripple effect' upon worse-off social groups expanding the 'grey zones' between both social insurance and welfare assistance realms.

In Spain, liberalisation in the provision of welfare services is observable in a certain extension of free-market morals and, thus, in the proliferation of 'non-profit' –but characteristically subsidised—NGOs (Sarasa, 1997). There has also been a reinforcement of the process of welfare privatisation. However, a trend away from 'residualism' and a parallel growth of institutional 'stateness', or state penetration of the welfare sphere (Flora, 1986/87; Kuhnle, 1997), can be also detected¹¹. In fact some reforms of universalisation (education, health pensions) have been put into effect in recent years encompassing some basic entitlements with traditional income related programmes.

After the demise of Franco's dictatorship, social expenditure has grown in Spain at a higher level than the whole of the EU (see figures on social spending for the period 1980-92 in Table 2). Note that all South European countries increased their social expenditure at a higher rate than the mean figure of 2.7 per cent for EU-12: 7.1 per cent, Greece; 6.2 per cent, Italy; 2.9; Portugal; and 4.4 per cent, Spain. In this latter country, the entries corresponding to sickness, old age and unemployment add up to three-quarters of all the increases in social spending. In fact expenses for these three functions comprised 71.3 per cent of the total (see Table 3). Maternity and family expenses decreased notably. This pattern seems to reinforce the interpretation of households as fundamental pillars for the Spanish welfare development. As regards the financing of social spending in Spain, a significant shift has been taken place in recent years with a gradual transferring

¹⁰ According to a 1996 national survey, 46.3 per cent of Spaniards agreed that «The State is responsible for each and every one of its citizens, and has the duty to help them to solve their problems». A percentage of 35.7 also agreed that «The State is only responsible for the well being of least-favoured citizens». Finally, 13.0 per cent were of the opinion that «Citizens are responsible themselves for their own well-being and have the duty to sort out their own problems» (Don't knows: 5.1 per cent. CIS, 1996)

¹¹ This should not be interpreted in Jacobin terms, particularly as regards plurinational countries as Spain. Often both the central administration and government are made synonymous to the concept of the state. In referring to «stateness» we include the whole of state institutions, i.e. central, regional and local (Moreno, 1997a/b).

of public moneys from the national budget to the social security accounts¹². This is particularly relevant as regards pensions (non-contributory)¹³ and health care.

Spain has gone through significant demographic changes in recent times. Population is nearly 40 million with a mere annual growth rate of 0.2 per cent since the beginning of the 1980s. The main reason for such sluggish increase of the population is the decline of fertility rates since the 1970s: 3.0 per cent in 1965; 2.8 per cent in 1970, 2.1 per cent in 1980 (a percentage lower than the required to ensure generation replacement), and 1.23 in 1992 (the lowest in Europe). In parallel the proportion of the population aged 65 or over grew from 10.9 per cent of the total in 1980 to 13.2 per cent by 1990¹⁴. A general concern about the 'uncontrolled' increase of pensions with relation to the GDP growth was behind the modification of the criteria in the annual re-valuing of benefits (forecast rate instead of past inflation rate), and a tightening of requirements for contributory pensions. More restrictive criteria in the definition of disability, together with a closer overall administrative control, reduced considerably the acute increase of this type of pensions up until 1985¹⁵.

Concerning health care, the 1986 General Health Act established the development of a National Health Service, which guaranteed the right to health care for all Spaniards and all foreigner citizens resident in Spain. Coverage, which was already very high in 1980 (83.1 per cent for all citizens and residents), was almost total by 1991 (99.8 per cent). (Almeda & Sarasa, 1996). Three quarters of the financing of Spanish health is public. Of the remaining one quarter, 85 per cent are direct payments by individuals (mostly for private care and medicines). These figures have kept stable during the 1980-93 period. But the most significant variation of this period is reflected in the shift of the financing of public expenditure

¹² This trend has intensified after the signing of the 'Pact of Toledo', which was supported by the most representative social partners and political parties in Spain, and was ratified by the Spanish Parliament on April 6th, 1996. Among its provisions a clear division for the financing of social protection in Spain was agreed. By the year 2000 expenses incurred by the contributory Social Security system should be met by both employers' and employees' contributions. General taxation should be responsible for the cost of the universal non-contributory benefits and services.

¹³ With the implementation of the 'Non-contributory Pensions Act', in 1990, coverage for both old age (over 65 years) and disability pensions (over 65 per cent for citizens between 18 and 65 years) became universal¹³. Note that in the period 1980-92, the number of pensioners rose by 2,6 million (2,1, contributory, and 0,5, non-contributory), from 6,6 to 7,2 million (see Table 4). The total expenditure increased from 5.9 per cent (5.8 per cent, contributory, and 0.1 per cent, non-contributory) to 8.6 per cent (8.1 per cent, contributory, and 0.5, non-contributory) as percentage of the GDP. Average Social Security pension benefits increased from 66.5 per cent of the minimum salary in 1980 to 93.3 per cent in 1992. Non-contributory (social assistance) pensions were 53.3 per cent of the minimum salary in 1992 (NB. The minimum salary decreased from 77.5 per cent of the per capita GDP in 1980 to 52.4 per cent in 1992) (Cruz Roche, 1994).

¹⁴ Projections for the year 2020 estimate that 18.3 per cent of the total population of Spain will be over 65 years of age (see Table 5)

¹⁵ Fraud was carried out by means of trying to cover up labour cases of various kinds: e.g. early retirement or aged unemployed. Note that the process in Spain has been somewhat different from that of the Italian. In this country both *clientelismo* and connivance between employers and prospective claimants --particularly in the *Mezzogiorno*-- are among the causes for the highest public spending in the European Union for the categories of 'Disability' and 'Old-age and survivors' put together (Ferrera, 1995).

from contributions to taxation. In 1980, as much as 82 per cent of all spending on health was met by social contributions, whereas in 1993 the corresponding figure was 20 per cent (see Table 6). As mentioned above, this dramatic change is in line with the assumption that universalisation of the public health service should be related to a system of general financing by taxation on the basis of a more equitable philosophy¹⁶. Regarding the provision of health services, the public system has continued to purchase many of its hospital services from both private and charitable sectors. Levels of efficiency vary according to the powers on health provision, which have been decentralised to the 17 Autonomous Communities¹⁷. Some of these have implemented policies for the provision of services of a 'quasi-market' nature (Catalonia, Valencia), and have faced since then problems for the financing of their respective public health systems¹⁸.

As regards the Spanish labour, the issue of implementing active employment policies has come to the fore in the discussions between the government, the Employers' Confederation (*CEOE*) and the most representative Trade Unions (*CCOO* and *UGT*). A widespread perception of the need to establish a new legal framework aimed at job creation, especially for the young, and limiting the burden of labour costs to improve competitiveness had been felt by the social partners¹⁹.

In the period between the end of 1994 and 1996 the number of companies hiring employees increased significantly from 564,000 to 642,000; so did the number of part-time jobs (175,000). In order to alleviate a social perception of labour precariousness and avoid the perverse effects of the so-called 'junk' jobs both Employers' associations and Trade Unions (*CCOO* and *UGT*) engaged in negotiations and agreements, which were put into law by the *PP* Government in May-June 1997. To be underlined are the labour regulations for new contracts on permanent basis. *CCOO* and *UGT* have given consent to legislation allowing a substantial reduction to be paid by the employers to newly hired employees if they are

¹⁶ The expansion of the public coverage has not been matched with equivalent increases in resources. Let us remind that the increase of public expenditure on health during the period 1980-93 was merely 0.4 per cent. This figure seems to confirm the view that an universalisation of coverage has not been matched with an equivalent intensity on standards of care. Note that around 8 per cent of the population is covered by private health insurance. Some occupational schemes remain for groups of the hyper-protected core of the workforce (Freire, 1993).

¹⁷ By 1991 over half of health spending was managed by both 'historical nationalities' (Basque Country, Catalonia, and Galicia) and regions (Andalusia, Aragon, Asturias, Balearic Island, Canary Islands, Cantabria, Castille and Leon, Castille-La Mancha, Extremadura, La Rioja, Madrid, Murcia, Navarre, and Valencia).

¹⁸ The issue of financing became a priority for the nationalist Catalan coalition, *Convergència i Unió*, in order to lend legislative support to the minority *PP* Government after the General Election of 1996.

¹⁹ Prior to this, it is to be noted that the impact of deregulation on the growth of employment in Spain had been very limited. In fact, the legal framework did not seem to constitute in itself a compelling variable for the creation or destruction of employment in Spain. With the same labour legislation, half a million jobs were created in Spain in 1987 and 400.000 were destroyed in 1993 (Missé, 1997).

made redundant in the future²⁰. Corporate welfare measures and fiscal incentives are to be met by Spanish public expenses favouring those companies hiring employees on a full-time and permanent basis²¹.

The single most significant feature in the composition of the Spanish labour force is the increasing participation of women. This trend seems to correlate with the fast-growing incorporation of women in formal education (see Table 7). In the last two periods of general growth of employment in Spain (1964-74 and 1985-1990), women's participation in the labour force increased *vis-à-vis* male workers. In 1969 there were 32 female workers for every 100 male employees. This ratio increased up to 39/100 in 1974, to 41/100 in 1985, and to 46/100 in 1990 (Garrido, 1994). In relative terms, women's participation is larger in the public sector than the private. Note that in 1964 there were 17 women for every 100 male public employees²². The ratio jumped to 70/100 in 1991. Even more representative of this changing pattern is the fact that, within the age group of 25-29 years, the proportion of female public employees was 105 for every 100 male workers in 1990. Reasons for job security and stability appear to be paramount for women in such an age group. In contrast with the situation in Germany and United Kingdom, employment interruptions in Spain --and Southern Europe, as a whole-- are motivated more by professional reasons and less by maternity concerns. This pattern translates into high continuity rates and less part-time jobs (Jurado & Naldini, 1996).

A change in the priorities of greater numbers of women with respect to their traditional subordinate position within the labour market and their commitment to raising children has been taking place in the last two decades. This changing role of women within both labour market and households will have crucial repercussions for the future of the Spanish Welfare State. The generation born between 1950 and 1970 is characterised in the main by well-educated women committed to professional activities. This pattern is coupled with a postponement to give birth to their first children. Further, marriage rates have diminished as a result of unemployment, problems of matching expectations of 'good' jobs according to higher levels of qualifications, and rising costs of living particularly in urban areas. Transformations in family patterns are similar in other Southern European countries, which are reflected in attitudes of ambivalent familialism by women (Flaquer, 1995; Saraceno, 1995).

²⁰ Redundancies should be based on objective criteria. In such an event, employers are to pay a redundancy compensation to the employee up to the amount equivalent of 33 days of the worker's salary for each of the years employed by the company, and up to a maximum sum of 24 monthly payment in total. (This figure compares to the previous of 45 days per year and a maximum compensation up to 42 monthly payment in total).

²¹ All these provisions are aimed at counteracting the effects of what seemed an unstoppable process of job precariousness since 1994. These policies are expected to have a greater impact in family-type companies and micro-enterprises. Rebate for employers' contributions to the Social Security will range between 40 per cent and 60 per cent. For those small businesses under the system of income tax modules --instead of the corporation tax regime-- the welfare credits will affect new employment with no payments in the first two years

²² In 1975 there were nearly 1 million public employees in Spain. At the beginning of 1996 the corresponding figure was nearly 1,800,000.

All things considered, the most relevant factor conditioning welfare development in Spain is the deep process of decentralisation both at the level of planning and policy implementation, which have been taking place since 1997. De-concentration of social services has had a much larger impact than privatisation (Almeda & Sarasa, 1996). The institutional outcome of the interplay between central, regional, and local governments will respond to the very nature of a contractually open process of power accommodation. Institutional uncertainty runs parallel with a gradual federalisation of politics in Spain (Moreno, 1997a/b).

Plural Spain has gone through a substantial social, economic, and political transformation since the inception of the 1978 Constitution. The *Estado de las Autonomías* ("State of Autonomies") has transcended to a large extent the traditional cultural patterns of ethnoterritorial confrontation in Spain. In budgetary terms, variations were substantial in the period 1978-1995: central government expenditure decreased from 90 to 62 per cent; regional government rose from zero to 24 per cent; and local government, from 10 to 14 per cent.

According to the 1978 Spanish Constitution, social assistance is a power of the 'exclusive competence' of the 17 Autonomous Communities. These have made use of these powers extensively for purposes mainly of institutional legitimisation. Of great relevance for our analysis have been the programmes of *rentas mínimas* (minimum income benefits) or, in other words, *salario social* (social salary).

In order to combat poverty and situations of social exclusion, the 'Family Minimum Income' was introduced in the Basque Country in March 1998. This constituted a precedent and provoked a 'demonstration effect' in the subsequent programmes of minimum income benefits implemented in all 17 *Comunidades Autónomas*. Although showing a degree of diversity in policy design and coverage, programmes of 'minimum income' developed by the Spanish 'historical nationalities' and regions aim at combining cash benefits with policies of social insertion (employment promotion and vocation training schemes, primarily).

The impact of these *ab novo* programmes of 'minimum income' has had a dramatic effect in the debate about the completion of a safety net in Spain. They are quasi-universalistic entitlements sharing some common features which can be identified as follows: (a) Families are the units of reference even though individuals can be beneficiaries; (b) Means-tested criteria is related to a threshold of household income under which cash benefits are awarded (around two thirds of minimum wage); (c) Residence status of applicants is required (ranging from 1 to 10 years); (d) Periods of extension are available provided that beneficiaries have complied with social insertion activities and social needs remain the same (Aguilar, Gaviria & Laparra, 1995). (See Table 8 for basic data on minimum income programmes).

These meso-governmental initiatives have certainly stirred up welfare development in Spain. However, and due to their increasing financial difficulties, it remains to be seen whether these programmes will continue to be a priority for the regions. They may confront a situation of either requesting co-funding from the central government or containing the scope of their coverage benefits.

The regional minimum income programmes are one of the four kinds of benefits, which comprise the growing means-tested sector in the Spanish system of social protection (Laparra & Aguilar, 1996)²³. The expansion of this means-tested subsystem²⁴ is in line with the consolidation of the public 'safety net' in Spain, and includes: (a) minimum pension supplements for those beneficiaries who need an extra amount to match up with the minimum pension standards; (b) non-contributory pensions for the elderly and disabled; (c) assistance unemployment benefits for those unemployed who have finished their contributory entitlements (generally after 2 years of duration); (d) *salario social* (minimum income) programme. Of the four categories two are full responsibility of the central administration (b and c), one is a regional competence (d), and (a) is financed and managed in various degrees by the three layers of governments (central, regional and municipal). This public subsystem, however, is only but one of the constituents part of a more general Spanish safety net. It needs further and systematic comparative research alongside the other South European countries.

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²³ Benefits increased ten-fold from 1982 to 1992. By 1992 beneficiaries amounted to 4.5 million, i.e. more than 12 per cent of the Spanish population.

²⁴ According to Laparra & Aguilar: «..the number of beneficiaries of this subsystem of means-tested benefits increased ten-fold from 1982 to 1992 there were 4.5 million beneficiaries –more than 12 per cent of the Spanish population» (1996: 89).

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Table 1: INTENSITY OF OLD AGE PROTECTION IN THE EU-12 COUNTRIES (average pension as percentage of GDP per head)			
	1980	1993	▲ % (1980-93)
Belgium	52.8	57.4	+4.6
Denmark	68.4	68.0	-0.4
Germany	51.3	51.2	-0.1
France	60.0	72.8	+12.8
Ireland	54.2	43.8	-10.4
Luxembourg	58.2	65.0	-6.8
Netherlands	70.6	76.4	+5.8
United Kingdom	56.9	63.9	+7.0
EU-12	56.2	62.0	+5.8
Greece	48.5	78.0	+29.5
Italy	62.1	77.6	+15.5
Portugal	41.3	42.1	+0.8
Spain	49.6	47.3	-2.3

Source: European Commission.

Table 2: SOCIAL EXPENDITURE IN THE EU COUNTRIES (as percentages of GDP)				
	1980	1986	1992	▲ % (1980-92)
Belgium	28.0	29.4	27.8	-0.2
Denmark	28.7	26.7	31.4	+2.7
Germany	28.7	28.1	26.6*	-2.1
France	25.4	28.5	29.2	+3.8
Ireland	21.6	24.1	21.6	0.0
Luxembourg	26.5	24.8	28.0	+1.5
Netherlands	30.8	30.9	33.0	+2.2
United Kingdom	21.5	24.3	27.2	+5.7
EU-12	24.4	26.0	27.1	+2.7
Greece	12.2	19.4	19.3	+7.1
Italy	19.4	22.4	25.6	+6.2
Portugal	14.7	16.3	17.6	+2.9
Spain	18.1	19.5	22.5	+4.4

* 1991

Source: Eurostat. 1993.

Table 3: DISTRIBUTION OF MAIN CATEGORIES OF SOCIAL PROTECTION IN SPAIN
(1980-86-92)
(as percentage of both GDP and SE – Social Expenditure)

	1980		1986		1992		▲ % (1980-92)	
	<u>%PIB</u>	<u>%GS</u>	<u>% PIB</u>	<u>%GS</u>	<u>%PIB</u>	<u>%GS</u>		
Sickness	4.69	25.60	4.54	22.92	5.59	24.64	+0.90	-0.96
Disability	1.37	7.48	1.59	8.04	1.84	8.12	+0.47	+0.64
Work accidents.	0.44	2.41	0.40	2.01	0.51	2.26	+0.07	-0.15
Old age	5.42	29.59	6.47	32.66	6.71	29.58	+1.29	-0.01
Survivors	1.80	9.85	1.89	9.53	2.26	9.97	+0.46	+0.12
Maternity	0.25	1.36	0.21	1.05	0.20	0.88	-0.05	-0.48
Family	0.52	2.85	0.24	1.21	0.20	0.88	-0.32	-1.97
Emp. Promotion	0.11	0.61	0.16	0.82	0.21	0.91	+0.10	+0.30
Unemployment	2.73	14.91	3.23	16.29	3.87	17.05	+1.14	+2.14
Housing	0.00	---	0.03	0.15	0.16	0.72	+0.16	+0.72
Administration	0.67	3.65	0.80	4.06	0.86	3.79	+0.19	+0.14
Miscellaneous	0.31	1.70	0.25	1.26	0.27	1.21	-0.04	-0.49
TOTAL	18.31	100.00	19.80	100.00	22.68	100.00	+4.37	0

Source: Rodríguez-Cabrero. 1994 (Tables 9.46/9.47), and author's elaboration.

Table 4: EVOLUTION IN THE NUMBER OF PENSIONS IN SPAIN (1980-92)
(in thousands)

	1980	1986	1992	▲ % (1980-92)
Old age	2.190	2.536	3.009	+37.4
Disability	1.024	1.490	1.629	+59.1
Widowed	1.027	1.338	1.678	+63.4
Orphanage	138	158	166	+20.3
Non-contributory	359	362	717	+99.7
Miscellaneous	19	24	28	+47.4
Total	4.757	5.908	7.227	+51.9

Source: Spanish Ministry of Labour and Social Security.

Table 5: PROJECTIONS FOR THE EVOLUTION OF POPULATION OVER 65 YEARS OF AGE FOR THE EU-12 COUNTRIES						
(1980-2040)						
(percentage of the total national population)						
	1980	1990	2000	2020	2040	▲ % (1980-2040)
Austria	15.5	14.6	14.9	19.4	23.9	+8.4
Belgium	14.4	14.2	14.7	17.7	21.9	+7.5
Denmark	14.4	15.3	14.9	20.1	24.7	+10.3
Finland	12.0	13.1	14.4	21.7	23.1	+11.1
France	14.0	13.8	15.3	19.5	22.7	+8.7
Germany	15.5	15.5	17.1	21.7	27.6	+12.1
Ireland	10.7	11.3	11.1	12.6	16.9	+6.2
Luxembourg	13.5	14.6	16.7	20.2	22.0	+8.5
Netherlands	11.5	12.7	13.5	18.9	24.8	+13.3
Sweden	16.3	17.7	16.6	20.8	22.5	+6.2
United Kingdom	14.9	15.1	14.5	16.2	20.4	+5.5
Greece	13.1	12.3	15.0	17.8	21.0	+7.9
Italy	13.5	13.8	15.3	19.4	24.2	+10.7
Portugal	10.2	11.8	13.5	15.6	20.4	+10.2
Spain	10.9	12.7	14.4	17.0	22.7	+11.8

Source: Council of Europe

Table 6: HEALTH FINANCING IN SPAIN (1980-93)						
	1980	%	% GDP	1993	%	% GDP*
Direct taxes	7.6	--		--	--	
Indirect taxes	6.4	--		--	--	
Subtotal taxes	14	18		60	80	
Social contributions	62	82		15	20	
TOTAL PUBLIC	76	100	4.6	75	100	5.1
Private insurance	3	12		2.5	10	
Direct payments	21	88		22.5	90	
TOTAL PRIVATE	24	100	2.6	25	100	2.7
TOTAL	100		7.2	100		7.8

*1991

Source: Gallo de Puelles (1994: 865) and Rodríguez-Cabrero (1994: 1478)

Table 7: FORMAL EDUCATION BY GENDER AND AGE GROUPS (1980-92)

1980			1992			▲ % (1980-92)			
Years	Women	Men	Both	Women	Men	Both	Women	Men	Both
16-19	44.8	42.9	43.7	63.3	52.8	57.9	+18.5	+9.9	+14.2
20-24	16.9	15.3	16.0	34.9	26.5	30.6	+18.0	+11.2	+14.6
25-29	1.9	3.5	2.7	11.3	10.4	10.8	+9.4	+6.9	+8.1

Source: Spanish 'Active Population Survey'

Table 8: MINIMUM INCOME PROGRAMMES IN SPAIN (1993)
(By Autonomous Communities) (percentages and thousands)

	% of basic non- - Contributory pension	#Beneficiaries	#Total*
Andalusia	95.5	950	5.000
Aragon	81.6	106	106
Asturias	100.0	150	1.661
Balearic Islands	-----	----	----
Basque Country	99.2	11.786	16.486
Canary Islands	81.6	1.683	1.683
Cantabria	81.6	100	100
Castille-La Mancha	111.4	1.224	4.307
Castille and Leon	81.6	2.495	2.495
Catalonia	100.6	7.000	7.000
Extremadura	85.6	441	1.265
Galicia	85.7	1.476	2.743
La Rioja	94.3	205	205
Madrid	101.9	10.996	10.996
Murcia	92.4	500	580
Navarre	100.6	997	1.460
Valencia	100.0	1.873	1.873
Mean/Total	93.3	41.982	57.960

* One-off emergency cash payments are also taken into account.

Source: Aguilar, Gaviria y Laparra (1995. pp. 90 and 654)