

THE SPANISH 'VIA MEDIA' TO THE DEVELOPMENT OF THE WELFARE STATE

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Abstract

The case of Spain has attracted very little attention from academics and experts in the area of social policy, perhaps because it was under Franco's rule for a period of nearly 40 years. This Working Paper analyses succinctly the process of building a welfare system in Spain during the 20th century stressing general differences and similarities with respect to other advanced industrial countries.

At present, Spanish welfare development appears as a *via media* between both 'corporatist-continental' and Anglo-Saxon 'liberal' models. It also incorporates some socialdemocratic inputs as reference tokens. However, the most relevant aspect concerning future trends is that associated with the deepening of regional and local decentralisation both at the level of planning and policy implementation.

1. Introduction

In recent years, most of the comparative studies concerned with the development of the welfare state in Western Europe have dealt with the situation in liberal democracies. The case of Spain has attracted very little attention from academics and experts in the area of social policy and welfare development. Such a disinterest must be caused by the fact that the Iberian country was under Franco's rule for a period of nearly 40 years.

This Working Paper aims to analyse succinctly the process of building a system of provision of social welfare in contemporary Spain stressing general differences and similarities with respect to other Western European countries. It also seeks to identify the main features and future trends of the model of social welfare currently being developed in Spain. This model, which is labelled a *via media* with respect to other existing welfare systems, incorporates an emphasis on a gradual and progressive decentralisation of social policy planning and implementation at regional and local levels.

2. The Spanish background: Krausists and Social Catholics

The origins of the Spanish regime of welfare provision are rooted in the governmental reforms put forward at the turn of the 19th century under the auspices of some middle-class intellectuals, most of them social Catholics and "neo-liberal" *krausistas* ⁽¹⁾. These two groups played a significant role in the subsequent creation of the *Instituto Nacional de Previsión Social* in 1908, the pioneering institution of the future Spanish social welfare system.

These early Spanish "neo-liberals" were largely influenced by the ideas of the German philosopher C.G.F Krause, who advocated ideas of "harmonic rationalism". These were based on a programme of promoting a mutually beneficial coexistence of the social and economic classes which would constitute an alternative to traditional conservatism, *laissez-faire*, Catholic corporatism, and revolutionary collectivism. The *krausistas* agreed with Social Catholics on supporting social reforms and social intervention by the state, although they disagreed on priorities and on issues pertaining to the religious sphere.

Spanish "neo-liberals" believed that the main cause of poverty in Spain was its cultural and economic backwardness. According to this view, Spain should improve its economic structures, and in order to achieve such a goal, its human capital should be educated and trained to compete with other countries in the international trade arena; otherwise, misery and social chaos would take over Spanish society. For the *krausistas* the main obstacle to Spanish modernization was the tight control exerted by the Catholic Church over people's behaviour and expectations. Thus, education should be secular and focussed mainly on technical knowledge. Accordingly, traditional charity

¹. These self-labelled Spanish "neo-liberals" had not much in common with those advocates of neo-liberalism whose ideas and actions found expression in the "Reaganomic" and "Thatcherite" policies of the 1980s.

should be replaced by a system of social security that should not necessarily be in the hands of the state.

Social Catholics, a minority sector of Spanish Catholicism ⁽²⁾, shared with both Belgian and French Christian Democrats views for greater social justice based on the idea that not all social inequalities have a "natural" origin ⁽³⁾. They also recognized that the social function of private property implicitly admitted the mechanism of expropriation in the interest of the common good. Some of them sought to promote unions as a means for workers to protect themselves against employers' exploitation. However, the general emphasis of their proposals stressed the moral regeneration of the poor by piety rather than by means of economic and social reforms.

With regard to mainstream Catholics, their alternative to liberalism and to collectivist ideas was an "organicist" conception of society where each individual had to perform a social commitment and in which private property was an inviolable right ⁽⁴⁾. The role left for the state was that of promoting social harmony, which assumed "natural" inequality and which developed conformity, discipline, and hard work by the less-favoured members of society. The latter, nevertheless, were encouraged to be upwardly mobile on an individual basis. According to their views, class conflicts and poverty were the results of mistaken ideologies and inadequate morals internalized by the workers. They found no problems with industrial relations nor any need for reforms to be implemented.

During the first decades of the 20th century, the *Instituto Nacional de Previsión* promoted a private and voluntary system of retirement and of accident insurance. The economic crisis of 1917 and the rising revolutionary movement made the government come to terms with the limits of voluntary assurance. A new universal scheme of insurance was proposed that would introduce a system to cover retirement, illness, unemployment, and maternity needs. The strongest opposition came from employers and landowners; the latter supported by a large section of the Catholic Church. At the same time, doctors' associations and insurance companies did not accept the compulsory illness assurance. Working class organizations did not, however, present a united front. Socialist Party members collaborated in the *Instituto's* project, but the

². During the 19th century the support of "mainstream" Catholics in Spain was so weak that when Pope Leo XIII sent the *Rerum Novarum* encyclical to the Spanish bishops, only one of them agreed to make it public.

³. The Christian Democratic movement in Spain developed with the impetus given by Severino Aznar in 1919. At that time Spanish Christian Democrats showed a populist and modern character but were permanently besieged by both Conservatives and Jesuits. These accused of heterodoxy all those Catholic thinkers who recognised the "social function" of property. Note that both the Nationalist Basque Party (*PNV*) and *Unió Democràtica de Catalunya* in Catalonia have traditionally defined themselves as Christian-Democratic political organisations and were founding members of the Christian-Democratic International.

⁴. The Catholic group with the greatest political influence in Spain was the one led by the Jesuits, *Asociación Católica Nacional de Propagandistas* ("National Association of Catholic Propagandists"). This association was created in 1909. In the beginning it had the direct support of the Basque bourgeoisie, as well as that of the Vatican. Following the Jesuit tradition, its main concern was to indoctrinate political elites to represent ecclesiastical interests.

powerful anarchists were strongly suspicious of any initiative to be developed by state institutions.

Before the *Instituto's* project became a reality, the dictatorship of General Primo de Rivera (1923-1939), which was wholeheartedly supported by the landowners, stopped any further developments. Finally the Second Republic (1931-1939), and in particular the Republican-Socialist Government, re-launched the plans for the expansion of social insurance. However, these did not include the scheme for unemployment insurance. The military uprising of Franco and the subsequent Civil War aborted any further attempt.

3. Francoist reactionary despotism

The Francoist regime, which emerged after the Spanish Civil War (1936-1939), brought together a heterogeneous alliance of conservative and fascist groups, whose paramount concern was law and order. Their legitimacy was founded on the support of both the army and the Catholic Church. It enjoyed to some extent a certain degree of autonomy, in comparison to the type of state that developed in France, Germany, and Italy after World War II (⁵). The social losers of the Spanish Civil War were the working class, the peasantry in the South, the Republican and Liberal middle-class factions, and some important political and cultural groups in Madrid as well as in the peripheral nationalities (mainly Catalonia, the Basque Country, and Galicia).

Francoism was above all representative of a reactionary despotism which aimed to accelerate and guarantee a rapid process of capitalist accumulation. In order to achieve this goal Francoism deployed political repression and violence in a discretionary manner (⁶). The long duration of Franco's regime allowed for the slow coalescence of the several ruling classes of Spain into one single, "national" ruling class. This coalescing ruling class was essentially a "distributional coalition", engaging in "rent-seeking" rather than in the general well-being of society and in the increase of collective welfare and prosperity. Having said that, Francoism manufactured a demagogic façade concerned with the social well-being of Spaniards: the so-called *obras sociales* (social works) of the regime (⁷).

⁵. Guillemard (1986) argues that the emergence of a type of social policy according to "life styles" as an alternative -or complement- to the social policy of income implemented after World War II was indicative of a greater autonomy of the Gaullist state with respect to French civil society. Civil servants and state mediators were able to carry out a social policy based on group interests rather than those corresponding to capital and labour. This view lacks a comparative European perspective. The first consideration is that no Western European polity after WWII had a state apparatus with such a degree of autonomy as the Francoist state in Spain. None of the Southern European dictatorships (Spain, Portugal, and Greece) developed social policies based on "life styles". Secondly, these policies were implemented at a certain period of time throughout Europe and North America and had no cause-effect relationship with respect to any individual European country, let alone the case of the French state.

⁶. For an analysis of the nature of Francoism see Giner, Pérez Yruela, M & Sevilla (1978), Giner & Sevilla (1980, 1984), and Flaquer, Giner & Moreno (1990, pp. 24-36).

⁷. The fact that Francoism preferred the term *obra social* instead of social policy is highly indicative of traditional Catholic semantics. Francoist technocrats, most of them members of the *Opus Dei*, advocated an "apolitical" stance.

In general terms, social policy in Spain under Francoism can be divided into three periods:

(a) **From 1940 until the late 1950s.** This period was characterized by an attempt to achieve total autarchy with no foreign interference. *Por el imperio hacia Dios*, ("God's Empire") and *España, una unidad de destino en lo universal* ("Spain, a unit of destiny in the universal") were mottoes used as propaganda within a general policy of cultural standardization in an attempt to reinstall the traditional society. This reflected the kind of clerical fascism advocated by the official ideology of early Francoism. Social policy was largely neglected and oriented towards both charity and beneficence.

During this first stage, all Francoist forces relied on the use of authoritarianism to secure the "orderly functioning" of the state institutions. Fascist nationalism --displayed by the *Falange*--, anti-Manchesterian liberalism and violent anti-socialism/communism were uncompromising features of the Francoist ruling coalition. The regime claimed to be the alternative to both liberal capitalism and Marxism and deployed a direct economic intervention through the "vertical syndicates". These were major tools of social control inspired in a model which combined traditional, Catholic, and *falangista*-fascist corporativism.

"Our State must be Catholic in the social", declared Franco in 1937. The *obra social* was set in order to "bring joy and bread to the Spanish families". The worker was regarded as a unit of economic production and, accordingly, was entitled to receive social protection against unexpected risks. In turn, the worker should be obedient and diligent (⁸). This kind of Catholic paternalism had been elaborated by the most reactionary sector of Spanish Catholicism. According to the interpretation of the Social Doctrine of the Roman Catholic Church by Cardinal Herrera Oria, the economy should always be subordinate to the traditional type of Catholic moral, which advocated that income should be in correspondence with social status.

The *Fuero del Trabajo*, a constitutional Act implemented by Franco's Government in 1938, was a combination of two models: the corporativist one, supported by the traditional Catholics, and the fascist one, advocated by the *Falange*. The former advocated a subsidiary role for the state, so that the market, the family, and private beneficence should be preserved. *Falangistas*, in turn, wanted the Catholic Church to play a secondary role with respect to state institutions.

A peculiar aspect incorporated in the *Fuero del Trabajo* concerned the social status of women. The Francoist State pursued the "return" of women from the factory to the household. To this end a family subsidy was introduced within the social security system so as to encourage women to remain at home "taking care of their husband and children". Along these lines, male employees were awarded benefits in concept of *carga familiar* (family burden) (⁹). Likewise, child allowances were only available for

⁸. For a review of this period of Francoism, cf. Martínez Alier (1978) and Viver (1980).

⁹. Other than in Spain, such a scheme was a standing legislation in 1965 also in Italy, Chile, and Irak. Cf. González-Sancho (1982).

contributory workers leaving poorer families -with not members within the social security system- without the right to receive this kind of subsidies. Married parents were the only claimants entitled to such child benefits. The subjective right to receive any allowance for those under 21 years of age was not recognized and, consequently, adopted children and those living with a single mother were excluded from any welfare benefits.

In 1939 the *SOVI* (Compulsory Insurance for Retirement and Invalidity) was introduced. It covered benefits claimed by contributory employees with low wages. Public insurance was combined with a voluntary system of mutual benefit societies. This latter system collapsed and in 1942 a statutory sickness insurance was implemented whose duration was limited in time regardless of the health condition of the claimant and whose implicit aim was to "encourage" the employee to go back to work at the earliest possible time. Health services were delivered both by public institutions or private ones in agreement with the social security system. This arrangement secured in fact an income for medical doctors, who in most cases were also engaged in activities in the private sector. The pharmaceutical industry profited abundantly as well. In turn, the quality of the public health service was very poor (¹⁰).

Governmental ministries under the control of the *falangistas* managed both social security and national health systems. These also monopolised the key posts in the Ministry of Labour and in the "vertical syndicates". Catholics maintained control of the economic ministries as well as education (¹¹). The fact that Catholics had a great involvement in the private health sector is also to be underlined.

(b) The years **from 1959 to 1967** corresponded to *desarrollismo* (economic "developmentalism"). The Stabilisation Plan of 1959 marked the turning point for the progressive liberalisation of the Spanish economy. Technocrats of the *Opus Dei* held the key posts in Franco's government and imported models of "indicative planning" from France (¹²). Some steps were taken in order to implement a system of labour regulation that would somewhat moderate its 'statist' nature. Until 1958, for example, the Ministry of Labour administratively regulated all wages. The impact of the demagogic salary rise imposed in 1956 by the *falangista* Minister Girón in the aftermath of several important strikes alarmed industrialists, who were not prepared to pay wage increases to the *diktat* of a governmental decree. Since 1958 a Collective Agreements Act allowed employers and employees to negotiate wages at the factory level. However, *falangistas* were reluctant to any kind of wage negotiations nation-wide while conservative Catholics were more inclined to accept corporatist practices which could avoid open conflicts between industrialists and workers.

¹⁰. In 1963 the *Seguro Obligatorio de Enfermedad* (compulsory sickness insurance) only covered 45% of the total Spanish population. The ratio of public and private beds in hospitals was 1:10 (Guillén & de Miguel, 1990).

¹¹. At one point Catholics pressed for the creation of Catholic universities, to which the *falangistas* were fiercely opposed. The internal conflict within the Francoist ranks was sorted out with the provision of an "apolitical" education. Schools of the religious order were also heavily subsidised.

¹². With the implementation of the 1959 Stabilisation Plan public expenditure was reduced, the Peseta was devalued and investment controls were relaxed, so that up to 50 percent of foreign holdings in Spanish companies were permitted. The results of the *desarrollismo* were spectacular, with GDP growing by an annual 7% between 1960 and 1974.

Catholics aimed to articulate their own trade union movement. They promoted *JOC* (Labour Catholic Youth) and *HOAC* (Labour Brotherhood for Catholic Action) as embryonic organizations of a future Catholic trade union that would give support to a dominant Christian Democratic party after the demise of Franco. Paradoxically, during the 1960s *JOC* and *HOAC* became radical Catholic institutions that collaborated with Marxist organizations opposed to the Franco regime. The Social Doctrine of the Roman Catholic Church was "re-interpreted" by radical Catholics according to more egalitarian principles as they advocated the disappearance of the disparities between classes. In fact, many of the early activists of the *JOC* and *HOAC* during the 1960s took a leading role in the subsequent articulation of the Communist-controlled *CC.OO.* (Workers' Commissions). They also participated actively in the opposition to the Franco regime as members of left-wing parties, primarily Communist, Maoist, and Socialist.

In 1963 the Basic Law of Social Security was promulgated. It had a universalistic vocation and went hand in hand with a timid fiscal reform. A peculiar model of economic development -vocationally neo-Keynesian but constrained by the rigidities of an authoritarian regime- attempted the transition from an agrarian society to a fully industrialized polity with some degree of success, modifying in this process the occupational structure of the country.

(c) **From the late 1960s until the transition to democracy (1975-1978).** In this period the opposition movement against Francoism was very active. These were the years of political and social turmoil that constituted the prelude to the transition to democracy after the death of Franco in November 1975. In 1969 don Juan Carlos had been appointed future head of state and in 1970 a preferential treaty was signed between Spain and the EEC.

With the implementation of the Education Law in 1970 and the Social Security Law in 1972, the level of public spending rose very significantly. The considerable wage increases that took place between 1974 and 1976 also set the basis for the subsequent climate of social consensus that contributed to making the peaceful transition to democracy possible. The main bulk of social spending since the 1970s was devoted to retirement pensions and unemployment benefits.

In order to substantiate later on the nature of the reforms implemented by the democratic Governments since 1977, year of the first democratic elections after the demise of Franco in 1975, we describe succinctly the main features of the late Francoist welfare system of "despotic corporatism" (¹³). These can be identified as follows:

(1) **Scarce level of social spending.** In the latter years of Francoism the Spanish system of social welfare was underdeveloped as compared with the core of the Western European countries. Social spending reached 8.6 per cent of the Spanish GDP in 1973, unemployment benefits included. Since 1977 the transitional Governments implemented considerable increases in order to provide further means of legitimisation

¹³. Our inclusion of the Francoist model of welfare benefits within the corporatist category takes into account the main features of the "continental" typology analysed by Esping-Andersen (1990). However, the absence of democratic and social rights qualified the Francoist model as despotic and reactionary.

for the new democratic regime which was under popular pressure for better social services. (Note that in 1981 the social welfare expenditure doubled from the 1973 figure to 17.7 per cent of the GDP ⁽¹⁴⁾). However, such a percentage was far behind the average social spending of the EEC countries, which stood at 25.9 per cent in 1982).

(2) Direct funding of the welfare system by employers' and employees' contributions. In 1977, only 4 per cent of the total social spending was drawn from the national budget, the rest was financed by employers' and employees' direct contributions. The equivalent average in Western Europe was about 30 per cent. (Note that in 1984, after two years of Socialist government, the share of the national budget in the total social security system reached 20 per cent, about half the equivalent average figure for the EEC countries for the same year).

(3) Establishment of social benefits according to the "income maintenance" principle ⁽¹⁵⁾. This allowed the proliferation of different "special regimes" (more than twenty) ⁽¹⁶⁾. The "general regime" of affiliation to the social security system was established - and still is- for employees in the industry and service sectors. In 1977, the "general regime" covered 66.5 per cent of all social security contributors and reached 87 per cent of all contributions. As a consequence, employees affiliated to the "general regime" were in fact subsidising "special regime" benefits. Thus, the so-called principle of "income maintenance" was not only neglected but also failed to bring about a higher degree of vertical equalization within the system.

(4) Inadequate vertical equalization within the welfare system. The inequalities produced by the fact that contributions of the general regime of social security financed the welfare services of other special regimes (agricultural workers, civil servants, or professionals) were aggravated after the period of the transition to democracy in Spain. Between 1975 and 1980 some social groups were incorporated to the social security system in a privileged and "clientelistic" manner (e.g. Roman Catholic priests, international civil servants, insurance agents, etc.). To sum up, there was an equalization of welfare services that was not matched by equal contributions from all social and productive groups concerned. As a result, white collar employees and big companies were indirectly subsidised by the heavier financial burden paid by low-wage employees and small-company employers. The employed middle classes were better off as a consequence of the unequal financing of the Spanish welfare system.

¹⁴. The per capita levels of social welfare expenditure were even twice or three times as high in some Western European countries as in Spain at that time. On this issue, as well as regarding data used in this section, cf. Cruz, Desdentado & Rodríguez-Cabrero (1985). GDP percentages of social spending, however, do not necessarily constitute the best indicator to evaluate the well-being of a given society. As Flora & Heidenheimer (1981), Titmuss (1974), Therborn (1983), Palme (1990), and Esping-Andersen (1990) have pointed out, such a macroeconomic figure usually neglects the institutional features of the different European models of the welfare state.

¹⁵. The concept of "income maintenance" concerns "work merit pensions", as was the case of the Spanish scheme. "Income security", in turn, provides an independent level of income without taking into account any contributions made to the social security system.

¹⁶. Such "special regimes" were established as occupationally distinct pension funds according to status differentiated social-insurance schemes.

(5) **Absence of a universal social income for the needy.** A consequence was that some groups of workers could not enjoy social security services and were at the mercy of charity. The long-term unemployed, as well as young employees and women with no previous work experience, were left out of the welfare system. Only those workers who had contributed to the social security system were eligible for assistance and benefits.

(6) **Low impact of "de-commodification"** ⁽¹⁷⁾. The Francoist system of social welfare was one of a low degree of de-commodification as compared to most Western European countries. Obviously it could not be labelled as being integrated within a free-market economy. Restrictions to discretionary redundancies, for instance, somewhat guaranteed a climate of social peace and also set the boundaries to the reductionist consideration of workers as mere commodities.

Despite the fact that the 1966 Law advocated the principle of "income maintenance", the establishment of the employees' and employers' percentage of their respective contributions to the social security system was subordinate to the general income policy set by the government. This led to a widening gap between the real wages received by employees and the "basic salary", from which contributions to the social security system were to be calculated ⁽¹⁸⁾.

(7) **Sluggish development of the social services.** The few social services created during the 1970s did not have universal coverage and were entirely funded by the contributions of employers and employees to the social security system. They were highly inefficient mainly due to the lack of co-ordination among all governmental agencies involved in the provision of the services. Local services of community care were simply non-existent except for a very small number of schemes developed by the Roman Catholic Church.

(8) **Generalization of subsidies to the private sector.** Public policies in the area of health and education were aimed at strengthening the services offered by the private sector, namely the Roman Catholic Church. The presence of the Church in the field of private education and social care was practically monopolistic. Its share of the total public spending in the national health service reached 50 per cent of the total prior to the Socialists' victory in the 1982 General Election ⁽¹⁹⁾. National health services covered 86 per cent of the total Spanish population and they were managed by medical doctors who, in many cases, maintained simultaneously their own private surgeries and, in doing so, took advantage of public health equipment and installations. Social security

¹⁷. The degree of "de-commodification", as conceptualized by Esping-Andersen (1990: 35-54), is an analytical tool for the characterization of welfare state systems. De-commodification refers to those social rights of the worker which allow him/her to cover his/her vital necessities outside the market economy. (Note that it does not imply the denial of labour as a commodity within the economic system). The degree of de-commodification in a given welfare system would be determined by those institutional restrictions limiting the access of the worker to social rights, the conditions of eligibility, the relationship between wages and benefits, and the existence, or otherwise, of a universal social salary.

¹⁸. At the beginning of the 1980s, the average pension benefit was 71 percent of the official minimum wage established by the government.

¹⁹. At that time, around 30 percent of all hospital beds were managed by Roman Catholic Church institutions, which were subsidized up to 100% through an agreement with the Government.

during Francoism not only guaranteed medical doctors an income but also allowed them to develop their own particular interests in the private sector.

Until 1976, rural day-labourers represented a smaller group within the social security system than small landowners in rural areas. The latter paid fewer contributions compared with the contributions of industrial employees (²⁰). Medical doctors and practitioners, private hospitals, the pharmaceutical industry, agricultural landowners, and civil servants can be identified as the main beneficiaries of the social policy developed by late Francoism.

(9) **Reduced coverage of the unemployed.** In 1973 only 20 per cent of the registered unemployed received benefits, a percentage that rose to 40 per cent in 1980 (²¹). During the 1980s, the widening of the scope of unemployment benefits has remained in the forefront of the social claims put forward by the trade unions to the Socialist governments. (Note that the "emergency" legislation introduced in mid-1992 on the initiative of the government was aimed at reducing the huge deficits in the social security system by means of restraining eligibility to unemployment benefits as well as by shortening the period the unemployed were covered).

(10) **Social security as a system of compulsory savings for the employees.** Welfare spending during Francoism was lower than the revenue. As a result, surpluses were used to finance public works or even schemes of industrial development. The Francoist social security system brought about a process of acute capital accumulation by the state at the expense of workers' endurance. This fact was explicitly recognized by Francoist authorities, who stated that social security revenue had had an important share in the financing of the *INI* (state-owned holding of industries). Furthermore, banks and savings corporations were also main beneficiaries of the social security surpluses that, in some cases, were used as investment capital for private purposes.

4. Spain after Franco: from a mode of democratic neocorporatism to the Socialist reforms.

On June 15th, 1977, the first democratic elections since the Spanish Civil War (1936-1939) were held in Spain. Shortly afterwards, the *Pactos de la Moncloa* were signed among all representative political parties. This Pact established a policy of mutual restraint between government, employers, and trade unions and was explicitly reached with the intention of "consolidating democracy". The avoidance of strikes and lock-outs and the introduction of wage restraints were also accepted by all concerned in order to allay the fears of a military coup d'état. The Moncloa Pact, as well as the other social peace and wage restraint agreements that followed, could be interpreted in neocorporatist terms. By this latter concept we do not mean any form of societal organization reminiscent of fascist corporativism but rather the active presence of large

²⁰. In the 1960s almost all the monies the state transferred to the funding of the social security system were used to sustain the services and pensions for the agricultural sector.

²¹. The unemployment benefit was around 75% of the basic salary received by the employee at the moment of becoming jobless.

political, economic, and cultural corporations engaged in a constant process of negotiation with each other in order to share goods, allocate resources, and manage their respective social constituencies.

A process of economic 'rationalisation' was initiated by the centre-right government of the *UCD* between 1980-1982. This meant a moderation in wage increases, as well as the beginning of a process of restructuring "unproductive" industries. These policies were coupled with a stabilisation in the level of social spending (²²). After the landslide victory of the Socialist Party (*PSOE*) in 1982, a period of macro-economic reforms took place concerning large economic sectors (shipbuilding, iron, steel industries). This was implemented in the midst of a somewhat favourable international conjuncture that allowed the government to carry out unpopular policies that would not jeopardise the political stability of the country (See Tables 1, 2 and 7 for the evolution of public spending between the years 1974 to 1992 and its effects on the variation of family disposable income per household in the period 1973-87).

The 1982 electoral programme of the Spanish Socialists was phrased along "orthodox" socialdemocratic lines. It advocated neo-Keynesian measures of strengthening internal demand by means of increasing public and social expenditure. However, the failure the Socialist government in neighbouring France experienced with the implementation of such a type of policies, on the one hand, as well as the financial burden of those "unproductive" industries which had artificially been kept alive during late Francoism, on the other, allowed the promotion of the "social liberals" in the forefront of economic policy-making within the *PSOE* cabinet. These advocated a course of action away from the dogma of the "traditional" left (²³).

The tough economic policy carried out by the first Socialist government was geared at pumping resources for the industrial restructuring to the detriment of other social spending. This went hand in hand with a bitter confrontation between government and trade unions. These demanded in 1988 a "U-turn" in the economic and political policies deployed by the *PSOE* Government. In the midst of such a socio-political climate a fracture took place with respect to the pactist practices between the government, trade unions, and employers, which had been inaugurated in 1980 (²⁴). The main unions --

²². A shift of social spending towards the payment of retirement pensions was the consequence of a sharp increase in the number of claimants. The scope of the unemployment benefit dropped from 41.8% in 1980 to 20% of the total in 1983 mainly due to the closure of non-competitive industries and the maintenance of the same level of expenditure as in previous years. Cf. Rodríguez-Cabrero (1989).

²³. In recent years, "social liberals" have increased their relative influence within the *PSOE* Governments encouraged by the difficulties faced by the so-called "Scandinavian model" of social democracy. Both Spanish social liberals and left socialists do not differ significantly on the size of the public sector but rather with respect to the degree of universalization in the provision of social services. They also pursue alternative approaches to tackle social inequalities. Nevertheless, Manuel Escudero, member of the Federal Committee of the *PSOE*, has recently argued that the privatization of certain public enterprises is a "healthy" manner to reduce the size of the state involvement in the productive sector and to improve efficiency (*El País*, 22.08.92).

²⁴. Negotiations were geared at controlling inflation by means of wage restraint. The Social and Economic Agreement was signed by the government, employers' associations, and *UGT* (*CC.OO.* declined to support the pact) in 1984 and extended until 1986. Some of the predictions included in it succeeded: inflation came down in 1984 from 12 to 8 %. However, unemployment increased and the employees'

UGT and *CC.OO.*-- clashed with the government and demanded the implementation of the electoral programme of the Socialist Party which, among other things, included the reform of the public health service (*INSALUD*) and the drastic reform of the central state administration.

The confrontation between government and trade unions characterized the second term of the Socialists in power (1986-1989), very much against the practices of the democratic neocorporatism of the late 1970s and the first half of the 1980s. This period corresponded to one of greater governmental concern for social policy and expenditure. Illustrative of this was the creation of the Ministry for Social Affairs in July 1988. Percentage coverage of the unemployed rose in that period up to nearly 50 per cent of the total. A general improvement of retirement pensions was also implemented, as well as the public universalization of basic education (primary and secondary). These measures completed what some authors have labelled the "social transition" of Spanish democracy (²⁵). Likewise, the trade unions began to give priority to social policy in their programmes of action.

– Public expenditure, employment, and fiscal crisis.

Throughout the 1970s and 1980s, the growth of public expenditure in Spain was similar to that of the OECD countries during the 1960s and 1970s. In fact, in none of the OECD countries has public spending increased as much as in Spain since 1975. During the second half of the '80s, the Spanish public expenditure per capita measured in relative purchasing units was similar to equivalent mean figures in Germany, Italy, France, and the United Kingdom. However, and due to a different structure of expenditure allocation, the coverage of those expenses related to social policy programmes (education, housing, and pensions) were smaller than in the countries above referred to. Both bureaucracy and financial transfers granted mainly to mining and agriculture sectors were higher compared to equivalent figures in core European countries (Lagares, 1988).

The relative weakness in the coverage of social spending has made some observers consider the nature of Spain's welfare development to be "residual". The paradox of the Spanish welfare system is that after a decade of Socialist rule the level of public expenditure devoted to social welfare is roughly the same as in late Francoism (1970-1975).

Table 1 shows that the proportion of welfare benefits in 1992 has been analogous to that of 1981. However, its internal structure has changed due to a higher impact of unemployment benefits (²⁶). Expenditure devoted to education, health, housing and

income share of the national total also diminished. This provoked the first signs of progressive discrepancies between the Socialist government and the socialist-inspired main trade union, *UGT* (General Workers Union), which became an open and belligerent confrontation between the two parties after 1986.

²⁵. Cf. Estefanía & Serrano (1987).

²⁶. This contrasts with a correlative diminishing of the subsidy transfers under the entry "Other Subsidies" that were related to the Francoist scheme of family benefits.

other collective services has seen its budgetary share diminished, as well as that related to "Public Goods" (defence, justice, communications, and security forces) and that concerned with governmental transfers to industry (re-structuring plans). However, these figures do not lead to the conclusion that the Socialist Governments in the '80s disregarded welfare spending as a priority. In fact, between 1982 and 1992 the percentage of social spending in Spain has increased 2 points whereas the equivalent figure for the total of EEC countries has decreased by 1.5 per cent. In broad terms, it can be summarised that Socialist rule in Spain has changed moderately the expenditure trends set by the legacy of late Francoism.

The growth of public expenditure in Spain since the transitional period to democracy (1975-1979) has not been covered adequately by equivalent increases accrued by the general tax collection. This has provoked a higher level of public debt, a pattern of fiscal crisis common to various degrees in all EEC countries. In fact, Spain ranked fourth in 1992 as the member state with a lowest ratio of public indebtedness as a percentage of GDP: 46 per cent. This figure compares with a minimum of 6.2 per cent in the case of Luxembourg and a maximum of 134.4 per cent in Belgium. Other percentages included 34.4 per cent for the United Kingdom, 41.7 per cent for Germany, 47.1 per cent for France, 103.5 for Italy, and 79.6 per cent for the Netherlands (²⁷).

Recently, and as has happened in other advanced industrial countries, bureaucratic "muddling through" in Spain has been responsible to a considerable degree for the incrementalist nature of public expenditure growth. Nevertheless, the various political inputs carried out by successive democratic governments since the demise of Francoism have greatly determined the changing allocation of funds within the budgetary structure of Spanish public expenditure (Table 2). After comparing the structure of public expenditure in 1987 with that of 1974, a number of significant variations can be pointed out: (a) For the period 1974-1987, the payment of the public debt interest counted for nearly 17 per cent of the total expenditure (the corresponding figure for 1974 was just above 2 per cent); (b) in the same period, transfers to industries were 21.5 per cent of the total (15.8 per cent for the year 1974); (c) the budgetary entry with the least expenditure increase in the 1974-1987 period was that of "Public Goods"; (d) during the transitional period to democracy in Spain "Welfare Benefits" and "Transfers to Industries" rose more rapidly than those corresponding to "Preferential Goods"; (e) almost half of the public spending growth during the first years of the Socialists in power was devoted to the payment of public debt interest; (f) during the period 1981-1987, the rate of growth for "Welfare Benefits" was restrained (except for unemployment), as well as that concerning "Public Goods". Compared to the period 1974-1981, growth expenses for "Preferential Goods" were reduced in 1981-87 and the rate for "Transfer to Industries" was kept at the same level throughout 1974-1987.

Since 1982 *PSOE* Governments have aimed to deepen the 'rationalisation' process of both productive activities and the market viability of industries in the public sector. This has been attempted by means of re-structuring and implementing policies that have

²⁷. The public deficit in Spain in 1991 (-4.4% of GDP) ranked 8th within the EEC context with a maximum of -17.5 corresponding to Greece and a minimum for Luxembourg of +1.5. Figures for other member states were -2.1 for France and the United Kingdom, -2.8 for Germany, -3.3 for the Netherlands, and -10.2 for Italy. Public debt and deficit data reproduced from *World Economic Outlook* (IMF).

taken into account the goal of achieving a higher degree of European convergence. For most of the decade of Socialist rule (1982-1992), these policies of industrial rationalisation have maintained a high profile of financial commitment.

In order to provide the means to cover new and costly public programmes (e.g. universalization of both public health services and pensions), as well as to accomplish the objective of bringing economic modernization in line with the rest of the EEC countries, fiscal policy in Spain has been of paramount importance. Thus, the Spanish Treasury has confronted a period of constant increases in public expenditure between 1982 and 1992 very much in contrast to what has occurred in other European countries. This has happened in the midst of a context where public finances have been greatly conditioned by the substantial governmental intervention in the economy through subsidies to public enterprises and the development of a comprehensive programme of public works and infrastructure (public works, highways, railway, telecommunications).

The financial burden brought about by the expansion of Spanish public bureaucracy has also been considerable. This is a direct consequence of the process of decentralisation and the 'mimetic effect' put into practice by the regional administrations created in the early 1980s. These have replicated --and duplicated-- to a large extent the structure of the central administration at the intermediate level of government. In the first stage of the decentralising process, a sizeable number of civil servants of the central ministries showed reluctance to be transferred to the Autonomous Communities. This was also coupled with the maintenance by the central government of services of the 'peripheral administration', which could have been reduced in numbers as the new regional administrations were gradually taking over responsibilities devolved from the centre.

In 1992, civil servants of the Autonomous Communities were approaching the figure of 500,000, accounting for nearly a quarter of the Spanish public bureaucracy. In the period between 1982 and 1991 the number of central civil servants declined from a total number of 964.308 to 562.753. This coincided with a corresponding increase from 42,910 civil servants in 1982 who were attached to the new regional administrations to a total number of 480.756 in the first term of 1991. These figures translated into a net growth of regional public personnel of about 150,000 civil servants (employees of public enterprises and central agencies such as that of the social security are excluded). Table 8 reproduces data for the territorial distribution of public employment in Spain for the period from 1987 to 1991. The most significant figures are those related to the percentage growth of civil servants in both regional and local administrations (41 per cent in each of both cases) and a slight diminution with respect to central government (-2.0 per cent).

Most likely, the trend of public expenditure growth in Spain is due to remain constant in the foreseeable future if only because of the persistence of a high level of unemployment (16 per cent in late 1992), as well as the maintenance of the policies of industrial rationalisation and the ageing of the population. According to *PSOE* strategists the growth in public spending is to be managed by: (a) A restraining in the instrumentalization of social policies as the means of expanding the economy; (b) a re-adjustment of the proportion of public, private, and associative sectors in running the economic activities (²⁸); and (c), an emphasis on efficiency ethics so that public

²⁸. The compliance of EEC regulations and the need to obtain "new" financial resources have encouraged

managers and decision-makers could maximise the use of public monies (Borrell, 1988).

The secular economic and social backwardness in Spain has greatly conditioned the nature of its occupational structure. The agricultural sector remains relatively larger compared to core EEC countries. Post-industrial services have also developed moderately despite the fact that tourism is of great importance for the economy of the country. As Table 3 shows, the general evolution of employment in Spain resembles more closely the situation in Germany than the case of the USA and Sweden (²⁹).

Since the 1960s, social welfare in Spain has been mainly designed to secure 'income maintenance' to those citizens who have made contributions to the system during their working life. This aspect constitutes a negative incentive for the incorporation of both women and part-time workers into the labour market. The incipient development of welfare services in Spain does not encourage women to find jobs and, thus, to leave household activities unless their salaries allow for the payment of privately delivered social goods (NB. The provision of private welfare is also very limited).

As in the case of Germany, the Spanish welfare system emphasizes policies of cash transfers to families and pensions. Facing the process of re-industrialisation, the system has been instrumentalized in order to cut down the level of job offers by means of early retirement schemes (³⁰), unemployment benefits, and employment disincentives for women. As a result, the heavy financial burden linked to these policies together with the pumping of huge resources to achieve the 'competitive rationalization' of industries have constrained the Spanish government to become an active instrument to create new jobs. The figures in Table 4 show shares of both public and female employment within the total labour market. Once again the closest similarities remain with Germany rather than Sweden or USA.

While in the first half of the 1980s the most active sectors in the creation of new jobs in Spain were those related to government (regional and local) and health, education and social services, the highest increases recorded in the peak of the economic boom (1986-1990) were in both producer and 'fun' services (see Tables 5 and 6). In this respect, a widening of the gulf between 'good' and 'bad' employment and, thus, a

the 'privatisation debate' within the PSOE government. According to Mitchell & Hendel, consulting experts of a leading international company on privatisation (White & Case), Spain was at the end of 1991 the industrial country where the process of privatisation had had the least impact. For a contrary view on the same theme, cf. Noceda, *El País*, 30.08.92.

²⁹. In this section we compare the case of Spain taking into account the studies carried out by Esping-Andersen (1990) with respect to Germany, Sweden, and USA. The welfare systems developed in these three countries epitomise the ideal types labelled as "corporatist-conservative", "socialdemocratic" and "liberal".

³⁰. According to data supplied by the Spanish National Institute for Statistics (*INE*, Surveys on Active Population), labour conditions and prospects for the older male working population had toughened in the 1980s. Chances for workers of 52-56 years of age to become long-term unemployed were about 40% of the total (Fernández, Garrido & Toharia, 1991). Similar figures can be obtained in the cases of Germany, the Netherlands, and the United Kingdom, which contrast sharply with the 10-12% of Canada, the Scandinavian countries, and the USA.

deepening of job-dualism in terms of a polarisation in the quality of the work and in the inequality of wages and benefits has become apparent.

Recently, the activities of the main Spanish trade unions (*UGT* and *CC.OO.*) have been constrained by their own internal difficulties of organization, their dependency on governmental subsidies, and their inability to incorporate new generations of workers into their rank-and-file. Furthermore, their activities have developed in a very precarious manner in small and medium-size companies, which employ nearly 80 per cent of the total working population. The changing nature of their industrial strategies --pactist until mid--1980s and one of open confrontation with the government since then-- has been under attack by *PSOE* leaders. They accused the trade unions of narrow 'corporatism' for advocating the preservation of short-term interests of the 'privileged' sector of workers holding stable and full-time jobs and of 'demagogy' for supporting simultaneously the social aspirations of the youth, the unemployed, the immigrants and the retired population. These accusations are aimed to put under strain the entire plausibility of the trade unions' strategy. In particular they seek to open up the latent divergence between the organic structure of a highly centralized hierarchy that aims at representing the interests both of the 'working class' as a whole and those of a majority of the rank-and-file membership, which is mainly focussed on salary bargaining. In the aftermath of the 1992 financial crisis of the European Monetary System and its knock-on effects on the Spanish economy, it is likely that the trade unions will re-edit attempts of economic pactism on the basis of partial and limited agreements with both the government and industrialists.

In the realm of welfare provision, a pattern to forge a new 'social mix' (public, private, and associative) has been pursued and encouraged by the *PSOE* Governments. Diverse policies of fiscal incentives have been aimed at the development of private pension schemes (pension funds and individual retirement plans). Subsidies and contracts with private companies, as well as the promotion of users' and professionals' associations are sought to improve the level of public efficiency by means of performance comparisons. However, all these new approaches to 'de-statisation' do not necessarily imply political condescendence towards conservative and religious ideological institutions (e.g. the system of private schools). Since 1989, the *PSOE* Governments have not been opposed to lending support to private assistance and charities of a religious nature (³¹). Nevertheless, they have often tended to favour NGOs of a secular nature, as well as the Red Cross and the powerful National Organization for the Blind (*ONCE*).

The Spanish Social Security Law passed in 1985 discarded a National Health Service along the same lines as the British system, which is entirely funded by the national budget. At present the government proposes a higher involvement of the concerted sector in the light of the inability of the social security, given its limited scope, to cope with the increasing number of citizens entitled to its services. Such an increase has significantly been taking place during the third term of office of the Socialists, a period which has coincided with a perceived deterioration in the quality of the services.

³¹. Note that by 1988, *Caritas*, the charitable organization run by the Roman Catholic Church, programmed 8,353 million Pesetas to its social programme, an amount which was just above 9% of the newly created Ministry of Social Affairs' budget (Rodríguez-Cabrero, 1990).

5. Welfare institutionalisation in contemporary Spain: a 'via media' of pre-existing models.

According to governmental sources, social welfare expenditure in Spain has gone hand in hand with the corresponding increases in national income during the last ten years. Indeed, the effort to catch up with the levels of social provision in core EEC countries has been proportioned -nothing more, nothing less- to the expansion of the Spanish economy. By contrast, it could be argued that other European countries (e.g. Portugal and the Republic of Ireland) have put welfare development in the forefront of their priorities even if social spending was disproportionately higher than GDP growth.

In the period from 1982 to 1992, the GDP share of social expenditure in Spain (health, pensions, and unemployment benefits) increased from 19,4 to 21,4 per cent. This figure compares with the mean percentages for the EEC countries of 25.9 per cent in 1982 and 25.7 in 1992.

In Spain, a progressive shift away from the 'conservative-corporatist' nature of Spanish welfare towards further 'liberalisation' can be observed from the following developments:

(a) Precarious flexibilisation of employment and progressive consolidation of job-dualism ⁽³²⁾.

(b) Further weakening of 'traditional' trade-unionism coupled with an emphasis on negotiations at the factory level.

(c) Sluggish growth of public welfare spending.

(d) Gradual consolidation of both private and 'non-profit' sectors in the provision of social services.

If these emerging signs crystallised around the years at the turn of the millennium we should then be witnessing a re-definition of the Spanish system of social welfare more in line with that of the 'liberal' model. This would also imply -although not necessarily- an accession of the Conservatives to power and a further consolidation of the nationalist and regionalist parties at the sub-state level.

In an alternative scenario, it could well be that the *PSOE* would manage to hang onto power by means of renewing its absolute majority in Parliament in the upcoming 1993 elections or by forming a new government in coalition with the Basque Nationalists of *PNV* (Christian Democrats) and/or the Catalan Nationalists of *CiU* (Liberals and Christian Democrats). This governmental coalition would possibly bring about an

³². This, in turn, would put into conflict the sectional interest of, on the one hand, skilled segments of the working population provided with social security care and benefits on a contributory basis and complemented by private insurance schemes and, on the other hand, unskilled workers dealing with 'junk' jobs and scarce and changeable social care. Cf. O'Connor (1973) and Esping-Andersen (1990).

'expenditure competition' among cabinet members which would translate into an increase in public transfers and subsidies to the families.

In all likely scenarios options for 'leftist' social democracy will be most probably restricted to the sporadic implementation of policies aimed at restraining inequalities, in particular those related to gender discrimination or to the access to further education. In any case, the process of deepening the political and administrative decentralisation will be the most compelling force behind the shaping of welfare development.

Spain, a nation state with a plural ethnic composition, has gone through a substantial social, economic, and political transformation during the last decade. In the last twelve years the process of decentralisation and the forging of the *Estado de las Autonomías* ("State of Autonomies") has transcended to a large extent the traditional cultural patterns of ethnic confrontation. In budgetary terms this has been reflected in the changing pattern of public spending. Thus, variations in the percentage shares of the total expenditure figures by central, regional, and local governments were very substantial in the period 1978-1991: central government, from 90 to 65 per cent; regional government, from zero to 22 per cent; and local government, from 10 to 17 per cent.

In terms of social policy making and implementation, the Spanish process of decentralisation has also translated into a growing involvement of the seventeen Spanish regions and 'historical nationalities' in the planning and implementation of welfare programmes. According to the 1978 Spanish Constitution, social policy is a power of the 'exclusive competence' of the regions. It is to be noted, in this respect, that programmes of *rentas mínimas* (minimum income benefits) are at present the full responsibility of the regions.

In March 1989, the 'Family Minimum Income' was introduced in the Basque Country, which set a precedent for the subsequent programmes of minimum income benefits that were implemented in all *Comunidades Autónomas* (Autonomous Communities) later on, except for the Balearic Islands. These mesogovernmental 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 restricting the scope of their coverage benefits.

In all future scenarios, the action by the regional and local government will be of decisive importance for the nature of welfare development in Spain. Services and programmes carried out autonomously by some regions are bound to have a profound impact on others. In fact, the 'principle of comparative grievance' greatly influences the course of political action among regions and between them and the central government. The centre-periphery institutional interplay is a structuring variable which pre-determines to a great extent the diverse nature of welfare outcomes in contemporary Spain.

6. Conclusion.

At present, it is difficult to foresee the coalescence of an emerging *corpus* of a new 'welfare statism' so that the perceived stagnation of the social-democratic programme in Europe could be overcome. A few attempts have been aimed at re-addressing Crossman's formula of "securing economic growth as the basis for a subsequent social distribution". In its most updated version this vague recipe says little about the distribution criteria linked to economic growth. Furthermore, it advocates a general programme of action that is also assumed by some European Liberals and Christian Democrats. Thus, it does not come as a surprise that the nature of those economic policies implemented by the Socialists in power in France and Spain⁽³³⁾ are analogous to a considerable extent to those developed, for instance, by the Kohl Governments in Germany⁽³⁴⁾.

As stated in the introductory section of this Working Paper, the case of welfare development in Spain has attracted little attention of academics perhaps because the country was under the authoritarian rule of Franco for nearly 40 years. This circumstance has conditioned and neglected to some extent the analysis of the previous period of early development of the Spanish welfare system from 1900 to 1939.

In the first third of the 20th century the main features of the process of welfare development in Spain were very different from those of the Anglo-Saxon and Scandinavian models. Spanish middle classes lacked the social cohesion to mobilise as a compound unit. Likewise, working-class organisations were deeply divided among themselves. Further, the confrontations between Catholics and anti-clericals, on the one hand, and the deepening of the centre/periphery cleavage, on the other, made the political coalition of urban middle classes, industrial workers, and peasants very fragile. Eventually this coalition was behind the electoral success of the *Frente Popular* in 1936, just a few months before the outbreak of the Spanish Civil War.

In any case, the impossibility for both the progressive coalition and the traditional privileged classes to achieve social hegemony on their own set the pace for the latter to promote a military uprising in a somewhat favourable international context. After a civil war (1936-1939), the triumphant dictatorship saw the collapse of an early governmental attempt to promote autarchy and over-regulation (1939-1958). In general terms, welfare development during Francoism was greatly influenced by an authoritarian ideology of a

³³. Duverger sees ideological exhaustion as one of the main reasons behind the difficulties of the Left for achieving institutional power in Europe. Also, diverse tactical differences deployed at the nation-state level have deterred until very recently (November 1992) the formation of a European Socialist Party. This has not been the case for the European Christian Democrats, who have been able to attract to their ranks both British and Spanish Conservatives as well as French Liberals under the leadership of Giscard d'Estaing.

³⁴. The German model of welfare has become a permanent reference in the analyses and proposals made by both Spanish trade unions and industrialists. Nicolás Redondo, leader of the Spanish *Unión General de Trabajadores* (UGT), expressed that in 1992 welfare conditions for the Spanish labour force resembled more closely those in Turkey than the ones existing in Germany. On the contrary, Guillermo de la Dehesa, President of the Spanish Chambers of Commerce, was of the opinion that the government should not 'imitate' the policies of social subsidies developed in Germany in order to bring down interest rates (*El País*, 23.06.92).

traditional nature which took the form of a despotic corporativism. This was constituted by both fascist and conservative Catholic elements. Working classes were unable to exert a direct influence on the making of social policy. According to its meagre level of social expenditure, the Francoist welfare system was largely "residual". However, and with relation to social policy effects, the Spanish process of welfare development until 1975 bore a certain resemblance with those outcomes produced by the 'continental' model in, say, Germany and Italy.

With the transition to democracy in Spain (1975-1979) a series of pacts among the main social and economic actors inaugurated a mode of democratic neocorporatism that fractured during the second term of the Socialist government (1988). A bitter confrontation took then place between government and trade unions. This coincided with the rise of the so-called "social-liberals" as main protagonists of the economic policy-making deployed by the *PSOE* Cabinets.

The ongoing process of welfare structuring in Spain is rooted in the reforms brought about by late Francoism and incorporates in its outlook some of the most characteristic features of the so-called 'continental-corporatist' model of social policy. An "incrementalist" pattern is observable concerning welfare services and income policies which, nevertheless, does not modify the inherited corporatist practices -reactionary and democratic- from both late Francoism and the transitional period to democracy, respectively. Indeed, there is an "updating" attempt of Spanish convergence with respect to the 'continental' model characteristic of some central European countries by means of implementing policies of a universalising nature (e.g. pensions). As regards employment policies, Spain does not constitute a separate case from the current trends existing in core EEC countries (e.g. the instrumentalization of social policy as the means for reducing the level of labour supply).

At present, Spanish future welfare development appears as a *via media* between both 'corporatist-continental' and Anglo-Saxon 'liberal' models which also incorporates some socialdemocratic inputs as reference tokens. Liberalisation in the provision of welfare services is noticeable in the extension of free-market morals and, thus, in the proliferation of 'non-profit' NGOs and the reinforcement of the process of welfare privatisation. This latter phenomenon is common to other European countries and is in line with a further convergence of the various versions of the 'continental-corporatist' system of welfare. Notwithstanding, in the case of Spain this latter trend is counterbalanced by significant undergoing changes affecting its social structure that fit much better with the 'liberal' regime. The growing job-dualism and the mobilisation problems the trade unions face are indicative of such changes.

Finally, the most relevant aspect the Spanish welfare development has to pursue in future trends is that associated with the deepening of regional and local decentralisation both at the level of planning and policy implementation. 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. Thus, its main effects in the development of social provision in Spain remain yet to be analysed in the years to come.

Table 1: Distribution of Spanish public expenditure.

	1974	1981	1987	1992 (*)
Public goods	18.8	15.5	14.7	6
Welfare benefits	36.7	39.4	34.5	40.8
Pensions	21.7	25.5	23.7	26.8
Unemploy.	0.9	7.7	6.5	13.0
Others	14.1	6.2	4.3	1.0
Preferential goods	26.5	25.1	23.7	21.4
Education	7.9	8.7	8.6	5.4
Health	14.5	12.7	10.3	12.5
Housing & Equipment	4.1	3.7	4.8	3.5
Transfers to industries & re-structuring subsidies	15.8	17.7	18.4	11.1
Public debt interest	2.2	2.3	8.7	17.1
TOTAL PUBLIC EXPENDITURE AS % OF GDP	23.1	35.8	42.1	-----

(*) 1992 National Budget allocation as approved by the Spanish Parliament.

Source: For the period 1974 to 1987, Alcalde Inchausti (1988). For 1992, authors' data elaborated from López & Utrilla (1992), which does not take into account expenditure transfers to Spanish regions and EEC contributions.

Table 2: Public expenditure growth by sectors in Spain (1974-1987).

(a) Increase in expenditure as percentage of GDP.

	<u>1974-81</u>	<u>1981-87</u>	<u>1974-87</u>
Public goods	1.18	0.64	1.82
Social benefits	5.62	0.37	5.99
Preferential goods	2.85	0.97	3.82
Transfers to industries	2.70	1.36	4.06
Public debt interest	0.30	2.90	3.20
Total increases of public expenditure	+12.65	+6.24	+18.89

(b) Percentage share by sectors in the expenditure structure of 1974 and distribution structure of spending growth since then.

	<u>1974</u>	<u>1974-81</u>	<u>1981-87</u>	<u>1974-87</u>
Public goods	18.8	9.3	10.3	9.6
Social benefits	36.7	44.4	5.9	31.7
Preferential goods	26.6	22.6	15.5	20.3
Transfers to industries	15.8	21.3	21.8	21.5
Public debt interest	2.1	2.4	46.5	16.9
Total public spending	100.0	100.0	100.0	100.0

Source: Alcalde Inchausti (1988) and authors' own elaboration.

Table 3: Employment structure in the mid-1980s (percentage of labour force by industry).

	<u>Germany</u> 1984	<u>Sweden</u> 1985	<u>U.S.A.</u> 1984	<u>Spain</u> 1985
Industrial activity				
Industry	41.8	28.8	25.1	31.3
Agriculture	5.1	4.9	3.1	18.2
Subtotal	46.9	33.7	28.2	49.5
Neutral activity				
Distribution	17.6	18.8	21.4	19.4
Government	10.0	7.1	8.0	6.1
Personal services	3.3	1.7	2.9	1.1
Subtotal	30.9	27.6	32.3	26.6
Post-industrial activity				
Health, education & social services	11.5	25.3	17.9	9.4
Producer services	5.7	6.4	12.3	4.2
'Fun' services	4.1	3.9	7.9	4.7
Subtotal	21.3	35.6	38.1	18.3

Note: The figures do not add up to 100 due to the omission of marginal groups of activities (domestic service in particular).

Source: Data of the SSIB (*Svensk Socialpolitik i Internationa Belysning*) reproduced in Esping-Andersen (1990: 204) and authors' own elaboration from data reproduced in *Boletín de Estadísticas Laborales* published by the Spanish *Ministerio de Trabajo y Seguridad Social* (July 1990).

Table 4: Government employment (total and by gender).

	<u>Germany</u> 1983	<u>Sweden</u> 1985	<u>U.S.A.</u> 1985	<u>Spain</u> 1985
Government employment as % of total	16.1	33.0	15.8	17.7(a)
Government share of all employed women	19.8	55.2	17.7	19.8(b)
Women's share of all public employment	39.4	67.1	46.6	31.4(c)

(a) Fernández, Garrido & Toharia (1991:54).

(b) Data corresponding to 1986. Figures for all employed women are collected from the Spanish *EPA* Report (Survey on Active Population) carried out by *Instituto Nacional de Estadística*. Figures for women's share of public employment are reproduced from *Boletín de Estadísticas Laborales* (July 1990), *Ministerio de Trabajo y Seguridad Social*.

(c) Recio, (1990: 110).

Source: For Germany, Sweden and USA, Esping-Andersen (1990: 202).

Table 5: Employment growth in Spain by economic activities in the '80s (%).

Economic activities	<u>1981-85</u>	<u>1985-89</u>	<u>1981-89</u>	<u>Annual mean</u>
Industrial activity				
Industry	-9.6	20.5	1.7	0.2
Agriculture	-7.6	-17.0	-23.3	-2.9
Subtotal	-12.3	6.7	-6.4	-0.8
Neutral activity				
Distribution	-6.8	22.4	14.1	1.8
Government	12.2	23.8	39.0	4.9
Personal services	0.0	20.5	20.5	2.6
Subtotal	-2.8	22.6	19.2	2.4
Post-industrial activity				
Health, education & social services	16.2	17.7	36.8	4.6
Producer services	11.6	43.9	60.6	7.6
'Fun' services	6.3	32.7	41.0	5.1
Subtotal	12.4	27.6	43.5	5.4

Source: Authors' own elaboration from data reproduced in *Boletín de Estadísticas Laborales* published by the Spanish *Ministerio de Trabajo y Seguridad Social* (July 1990)

Table 6: Distribution of the net employment growth in Spain in the '80s.

	=====
	% of the total
	=====
Industry	7.4
Neutral	
Distribution	22.1
Government	15.9
Personal services	1.6
Subtotal	39.6
Post-industrial activity	
Health, education & social services	22.3
Producer services	17.2
'Fun' services	13.5
Subtotal	53.0

*Source: Authors' own elaboration from data reproduced in *Boletín de Estadísticas Laborales* published by the Spanish *Ministerio de Trabajo y Seguridad Social* (July 1990)*

Table 7: Decile percentages of family disposable income per household (1973-1987).

Decile	1973	1981	1985	1986	1987	Δ 1973 / 1987
1st	2.97	2.99	2.99	3.13	3.25	9.43
2nd	4.55	4.63	4.58	4.69	4.86	6.81
3rd	5.66	5.71	5.69	5.80	5.93	4.77
4th	6.73	6.76	6.75	6.89	6.94	3.12
5th	7.78	7.81	7.81	7.95	7.95	2.19
6th	8.99	9.01	8.99	9.11	9.09	1.11
7th	10.44	10.40	10.40	10.50	10.43	-0.10
8th	12.24	12.27	12.31	12.38	12.18	-0.49
9th	15.10	15.24	15.34	15.24	15.00	-0.66
10th	25.54	25.18	25.14	24.31	24.37	-4.58

Source: Authors' elaboration based on figures reproduced in Escribano (1990).

Table 8: Public employees in the Spanish Administrations (in thousands)

	1987	1988	1989	1990	1991	1987-91	%
Central	573.9	524.5	546.2	578.1	562.7	-11.2	-2.0
Regional	341.6	380.3	398.1	416.0	480.7	139.1	41.0
Local	295.9	325.8	345.9	357.6	416.0	120.8	41.0
Social Security	221.1	240.5	273.0	310.8	313.3	92.2	41.7
Public enterprises & bodies	349.0	366.6	396.3	411.5	394.3	45.3	13.0
Others	3.8	7.0	4.6	3.5	9.1	5.3	139.4
TOTAL	1,785	1,844	1,964	2,077	2,176	391.4	21.9

Source: Spanish EPA (Survey on Active Population) carried out by *Instituto Nacional de Estadística*. Annual figures correspond to second term data except for 1991 (1st term)

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