SPAIN: POVERTY, SOCIAL EXCLUSION AND ‘SAFETY NETS’¹

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INTRODUCTION

After a long hyper-centralist dictatorship (1939-75), a peaceful transition to democracy (1975-79), and an active involvement in the process of Europeanization after its accession to the EEC (1986), Spain has undergone deep and far-reaching social transformations. In economic terms, Spanish development has been outstanding: in 1959 the Spanish GDP per head was 58.3 per cent of the EU average; in 1985, 70.6 per cent and, by 1998, 81.5 per cent. Spain would match the EU-15 mean by the year 2025 if the annual ‘catching-up’ rate of 0.8 per cent were maintained. No other country in the group of the advanced industrial democracies has achieved a comparable rate of economic growth. However, economic problems, high levels of unemployment, a severe demographic imbalance and the abrupt decline of the traditional system of domestic care are now threatening the stability of the welfare settlement.

Spain shares with Greece, Italy and Portugal similarities in historical background, value-systems, and institutional characteristics. The four Southern European countries constitute a distinct welfare regime alongside the well-researched Anglo-Saxon, Continental and Nordic (Sarasa and Moreno, 1995; Ferrera, 1996; Rhodes, 1996). The role played by the family in the Mediterranean regime constitutes one of its more characteristic traits. Within households, women have in the last decades deployed a remarkable hyperactivity, which has been crucial for both social cohesion and economic growth.²

Of singular importance regarding Mediterranean welfare development are the manifestations of its cultural-axiological dimension. This is reflected in 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 micro-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, or group predation).

Contrary to some views regarding South European countries as a mere ‘Latin rim’ extra-profiting of ‘social dumping’ practices, the evidence show that these countries are the only ones which have increased their overall social spending during the 1980s and 1990s (Guillén and Matsaganis, 2000). Note that the difference between the welfare regime with the highest social spending in 1984 (Continental) and the average of the

¹ Spanish National Research Council (CSIC), Madrid. Chapter published in Ferrera, Maurizio (ed.), *Welfare State Reform in Southern Europe. Fighting poverty and social exclusion in Italy, Spain, Portugal and Greece*, pp. 141-203. London/New York: Routledge

Southern European countries was 9.4 per percentage points. This figure was reduced in 1997 to 7.4 as compared to the then highest spender Nordic regime (Castles, 2001).

The Spanish welfare state incorporates elements of both Bismarckian and Beveridgean traditions, and can be labeled as a *via media* with respect to other regimes of social protection. It combines universal and targeted access to services and benefits. The welfare state in Spain represents today a fundamental structure for both social reproduction and political legitimization.³ Since its integration in the European Community (1986), Spain has followed a pattern of welfare convergence with their European counterparts of a three-fold nature. Firstly, a generalization of social entitlements (education, health, pensions). Secondly, a confluence in the pattern of welfare expenditure to the mean of its European partners. Thirdly, a diversification in the provision of social services by private and 'third sector' organizations.⁴

Perhaps the most relevant factor conditioning welfare development in Spain is the importance of decentralization both at the level of planning and policy implementation. Spain's efforts in to catch up with the European mean of welfare expenditure have gained impetus with the active role in social policy taken by the mesogovernments. Often OECD figures have not taken into account social spending of the Spanish regions, which has dramatically increased their share in the total aggregate of Spanish public expenditure.⁵ In 1992 Spain's total social expenditure reached the figure of 22.7 per cent of the GDP. However, in the year 2000 it had decreased down to 20.1, a percentage which compared with the mean figure of 27.3 for the EU-15 (Rodríguez-Cabrero, 1994; EU, 2002). Especially in social assistance and services areas decentralization has had much greater impact than privatization in the last decades.

As in other Mediterranean countries, the aggregate of Spain's public policies and interventions associated to 'safety nets' have developed in a fragmented manner. Indeed, Spanish welfare state expansion has been quite pronounced but it has generally been accomplished inductively on incrementalist bases. As a result, benefits and services are targeted on different collectives, which often do not have any correlation between them, although they sometimes share the same characteristics (Eardley *et al*, 1996). Note that other functional intervening factors, such as intra-familial transfers, community help, or altruistic help provided by NGOs (Non-Governmental Organizations) and 'third sector' associations, have greatly contributed to consolidate 'safety nets' although much research work is needed in order to systematize evidence in this respect. It is worth noting that more than 50 per cent of all poor in Spain go first to either Caritas or the Red Cross in search of support.⁶

In this chapter developments in Spanish welfare concerned with policies of poverty alleviation and programs combating social exclusion are analyzed. Core areas of observation are the so-called 'safety nets' of social protection, which have been 'under construction' in Spain during the last 15 years.

'Safety nets' aim at providing citizens and families with basic means that guarantee the satisfaction of minimum vital needs and facilitate civic integration. 'Safety nets' are bottom-lines of welfare provision and as such they adopt institutionalized expressions that vary in degrees and manners (Moreno, 2003). The complex task for the social

scientist is to determine the constituent materials by which 'safety nets' are interwoven. Public programs of social assistance provided on a means-tested basis are basic constituent elements. In many cases these programs are of a non-contributory nature, although they may be linked to contributory social services and subsidies provided by the social insurance system.

In the following section a review of the historical background to the development of social policies in Spain is carried out. The evolution of poverty alleviation programs is examined within the broader Spanish welfare state framework. A special reference is made on the creation of regional systems of social services and the development of programs of social assistance by both central and regional layers of government.

After analyzing the compound nature of the Spanish 'safety nets', the third section concentrates on the latest developments and initiatives undertaken with reference to the 2001-2003 National Action Plan for Social Inclusion (NAPSI).⁷

In the light of the Spanish experience, it is concluded that more attention is to be paid on the increasing role of regional and local layers of government. These, in concurrence with central institutions of EU institutions and of member states, are key actors in order to promote social inclusion of those precarious citizens facing poverty or social exclusion.

HISTORICAL BACKGROUND

The development of welfare in Spain can only be understood in the context of the historical background prior to the transition from Francoism to democracy (1975-78). The peaceful democratic transition was made possible by the deployment of consensual politics among representatives, parties and social actors, who accepted the fact that the reform process had to take into account the previous institutional framework. Thus, the consolidation of Spain's welfare state had to evolve from the institutions and social protection policies developed during Franco's dictatorship (1939-75).

1939-1967: The years of autarchy and the boom of '*desarrollismo*'

The first period of Franco's rule was characterized by an attempt to achieve total autarchy with no foreign interference. Social policy was largely neglected and oriented towards both charity and beneficence. "Our State must be Catholic in the social", General Franco had already declared in 1937. The *Obra Social* was set up 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, he or she should be obedient and diligent. A peculiar aspect incorporated in the *Fuero del Trabajo*, a constitutional Labour Act implemented by Franco's Government in 1938, concerned the social status of women. State intervention pursued the 'return' of women from the factory to the household and social protection regarded only male breadwinner families.

The National Institute for Social Provision (*Instituto Nacional de Previsión Social*) was the institution responsible for social insurance. It incorporated gradually and in a rather disorderly manner the administration of the various existing benefits and subsidies. In 1938, a Family Subsidy (*Subsidio Familiar*) was established. In 1942, the program of *Plus Familiar* was also created. This subsidy was basically a complement to salaries. In 1939, an old-age subsidy had been introduced to provide benefits for low-wage employees. This turned into the SOVI in 1947 (*Seguro Obligatorio de Vejez e Invalidez*, Compulsory Insurance for Retirement and Invalidity). In 1942, the Statutory Sickness Insurance was also implemented (SOE, *Seguro Obligatorio de Enfermedad*). Its duration was limited in time regardless of the health condition of the claimant, and its implicit aim was to 'encourage' the employee to go back to work as soon as possible.⁸

Along with the compulsory social insurance, the old system of mutual insurance was restored. This latter system was meant to be complementary to the former. But both systems developed in an overlapping and duplicating manner. Labour *mutualidades* (mutual aid associations) were non-profit making associations, organized according to occupational and territorial criteria. They were financed by payroll taxes and developed according to a system of capitalization.

Public intervention for those not engaged in paid labor was paternalistic and provided along charity lines. Social services were very residual in the public sphere and were integrated in the local administration (mainly provincial administrations, or *Diputaciones*), and under the organic responsibility of the Home Ministry at the central level of government. Benefits were distributed by a Fund of Social-Charitable Protection (*Fondo de Protección Benéfico-Social*), which had a share of profits accrued by public lotto and games, and which also received private donations. Help and assistance to beneficiaries were provided in a rather discretionary manner in situations of visible need.

Given the scarce public intervention in programs for poverty alleviation, subsidiary action was carried out by private organizations, mainly associated to the RC Church, and by foundations such as those of the Red Cross and some quasi-public Saving Banks (*obras sociales de las Cajas de Ahorro*). The fascist *Falange*, the only legal party in Franco's dictatorship, also developed an institution for social assistance (*Obra de Auxilio Social*). This was an authoritarian, para-state body, which was based upon the voluntary work (in many cases forced by a compulsory social service for women, along the lines of military conscription for men)

The second period of Francoism was characterized by economic '*desarrollismo*' (developmentalism), which started with the implementation of the Stabilization Plan of 1959. This new economic policy marked the turning point for the progressive liberalization 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.⁹ Some steps were taken to implement a system of labor regulation that moderated somewhat its *dirigiste* nature. In 1958, for example, a Collective Agreements Act allowed employers and employees to negotiate wages (which had previously been regulated by the Ministry of Labour) at the factory level. In 1963 the Minimum Wage (*Salario Mínimo Interprofesional*) was legally established. Note that full employment was practically

achieved at the cost of the emigration of many Spanish workers to central European countries.

Social expenditure grew significantly during the 1960s: from a 35.5 per cent in 1960 to 55.9 per cent in 1970 of the total public spending. Note, however, that the increase was a meager 3 percentage points of the GDP. Social assistance continued to play a secondary role in the system of social protection and income maintenance contributory programs were the main priority in reforms that extended coverage to affiliated employees of the Social Security system.

In 1963, the Basic Law of the Social Security (*Ley de Bases de la Seguridad Social*) was published although its actual implementation was delayed until 1967. 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.

Outside the contributory realm, there was a very meager system of social assistance: reduced coverage of unemployment, absence of welfare cash benefits, insufficient social services with a high degree of institutional dispersion, a prevalence of beneficence criteria and approaches, and a paramount concern towards keeping the social order. Both the RC Church, benefiting from large state subsidies, and the family (namely women's caring activities), played a crucial subsidiary role during Francoism (Arriba, 1999).

In 1960, several funds for financing social assistance were legally established, such as the National Fund for Social Assistance (*Fondo Nacional de Asistencia Social, FONAS*). This Fund had the aim of supporting charity institutions and of distributing subventions to develop some social services. In the late 1960s, the RC Church reinforced its subsidiary role according to the doctrine of Social Catholicism. This was evident in those activities of Caritas which pursued a more comprehensive course of action away from those traditional charities of mere relief to the needy.

After the 1959 Stabilization Plan, and in the absence of an entrepreneurial class, Franco's technocrats from the state institutions promoted a process of economic modernization. However, public intervention was mainly geared at avoided social unrest by means of combining both paternalism and repression (Rodríguez-Cabrero, 1989).

1968-78: Late Francoism and the transition to democracy

The opposition movement against Francoism became very active in the late 1960s and early 1970s. These were 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 had been signed between Spain and the European Economic Community (EEC).

In 1972 reform of the Social Security, the Financing and Improvement Law (*Ley de Financiación y Perfeccionamiento*) was implemented with the aim of expanding social protection, especially concerning temporary labor incapacity, unemployment and old-age pensions. The linkage of workers' contributions to real incomes allowed for a significant increase of benefits within the contributory system. New special regimes of the Social Security system (up to 20) were created and increased the fragmentation of the contributory system. Unequal social contributions and payroll taxes paid to the Social Security system favored middle classes and large companies. Despite some improvements in the level of protection, these reforms underlined the negative level of internal equalization within the contributory system (Cruz Roche, Desdentado and Rodríguez-Cabrero, 1985).

With the implementation of the General Education Law (*Ley General de Educación*) in 1970 and the General Law of Social Security Law (*Ley General de la Seguridad Social*) in 1974, the level of public spending rose very significantly. Considerable wage increases also took place between 1974 and 1976. These factors 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.

At the end of the Francoist period in Spain, social assistance was characterized by a scarce public financing, a limited degree of social protection, and the important role played by some private or non-profit making institutions. The small supply of social services was provided by a variety of both public bodies and private institutions.

In 1977, the General Directorate for Social Action and Social Services was established within the Ministry of Health and Social Security. This governmental body took over those responsibilities of social assistance which had been previously attached to various departments of the central government (Home Ministry, principally). It run programs such as those related to the Social Assistance Fund (*Fondo de Asistencia Social*), whose non-contributory benefits covered old-age and disability pensions outside the system of social security. This was considered to be the principal instrument of social assistance at that time.

Within the contributory system of the Social Security, there were also services for gainfully employees and their dependent family members. The system was re-structured with the grouping of old-age and disabled services into the Institute for Social Services (INSERSO-*Instituto de Servicios Sociales*), a quasi-autonomous public agency of the Social Security operating within the framework of the Ministry of Labour.

In parallel, local authorities (municipalities and provincial authorities) continued to run various programs of social assistance, which were in many cases the inheritors of traditional public charities and beneficence. Private institutions also continued to provide charitable donations and some services, particularly those offered by RC Church organizations.

In the period of transition to democracy, renewed citizens' demands for the implementation of new social services were coupled with an active mobilization of the

social workers in order to develop a new framework of service provision (Sarasa, 1993; Casado *et al.*, 1994).

1978-1987: The establishment of the regional systems of social services

An historical review of the reforms implemented in Spain since the inception of the democratic Constitution of 1978 has to acknowledge the fragmented and inductive nature of the reforms implemented during the transition to democracy.

According to the Spanish *Carta Magna*, social assistance is a regional power of the ‘exclusive competence’ of the 17 Autonomous Communities (art. 148; 1.20). Powers concerning the basic legislation and the economic regime of the Social Security system remained within the domain of the central government. However, the *Comunidades Autónomas* (Autonomous Communities) could exercise executive powers in the running and managing of contributory programs which could be decentralized to them (art. 149; 1.17).

The constitutional provisions neither defined nor regulated the non-contributory realm of social assistance and social services. Furthermore, all those powers and responsibilities which were not listed as ‘exclusive competence’ of the central government could be requested and exercised by the Autonomous Communities (art 149.3).

As a consequence of the flexibility of the constitutional provisions, all Autonomous Communities claimed in their Statutes of Autonomy (regional constitutional laws) a large number of services and functions concerning social assistance, social services, community development, social promotion and welfare policies in general. The only social services, which remained outside the jurisdiction of the mesogovernments, were those of the INSERSO. However, and as we will analyzed below, during the 1990s the executive powers for the running of practically all INSERSO social services have also been transferred to the *Comunidades Autónomas*.

During the period 1982-1993, the Autonomous Communities took the legislative initiative in their regional parliaments, and passed acts which established regional systems of social services. In these pieces of legislation there were no references to social assistance as such. The implicit assumption was that, according to a comprehensive interpretation, social assistance was an ‘exclusive’ power of the Autonomous Communities, alongside with the social services. In this period the main concern for the Spanish mesogovernments was to request and receive as many powers from the central administration as a flexible interpretation of the 1978 Constitution could allow. The *Comunidades Autónomas* subsequently made extensive use of their constitutional prerogative for purposes of institutional legitimization.

In order to develop an integrated network of social services, a common claim in the legislation adopted by the regional parliaments was the principle of decentralization. According to this, local governments would carry out the bulk of service provision,¹⁰

but the powers of legislation, planning, and co-ordination with the private and altruistic sectors would rest upon regional executives and legislatures.

All regional laws envisaged the area of social services as an integrated public system, open to all citizens without discrimination. Universal access and equal treatment were, thus, the two ideological foundations of the regional legislation on welfare provision. Traditional public beneficence was to be 'updated' so that stigmatization of beneficiaries should be avoided. All things considered, the aim was one of modernization of the social services in line with other experiences of welfare provision in Western Europe. Such aspirations were to be in tune with the aim of rationalizing the provision of new services. To this end inputs of a comprehensive, equal and public nature put forward by a new generation of trained social workers were highly influential.

The idea of the welfare 'mix' was also embraced enthusiastically by most Spanish mesogovernments so that social intervention could be optimized. Non-profit organizations, in particular, were incorporated in the general provision of social services, and many of them were subsidized by the regional public bodies.

The processes for the implementation of regional systems of social services in Spain were not developed without a degree of friction with the central government. In 1986, a decision of the Constitutional Court (146/1986) corroborated the principle that, despite the 'exclusive' powers of the Autonomous Communities in this field, the central government could also develop programs of social assistance guaranteeing an equal treatment to all *Comunidades Autónomas*.

Among the initiatives taken by the central government during this period, the passing of the *LISMI* Law ((*Ley de Integración Social de los Minusválidos* – Law for Social Integration of Handicapped, 1982) is to be underlined. This piece of legislation provided guaranteed benefits to citizens with disability (65 per cent or higher). In the years 1983-84, the Socialist PSOE Government also attempted unsuccessfully to enact a National Act of Social Services. This Law would aim at integrating all 'scattered' social services within the contributory system of the Social Security into one institutional framework, centrally managed. But the Spanish mesogovernments remained as the main protagonists in the area of welfare development, a logical consequence of the home-rule-all-round process of decentralization.

1988-2000: The expansion and consolidation of welfare programs

The year 1988 can be identified as the beginning of a cycle of major developments concerning social services in Spain, and of a big expansion of social spending. The establishment in 1988 of the Ministry of Social Affairs¹¹ aimed at the development of a social policy, and area of public intervention which had been 'hidden' within the organizational structure of the Ministry of Labor. However, central intervention was somewhat conditioned by the consolidation of the regional systems promoted by the Spanish *Comunidades Autónomas*. Some views were expressed against the

establishment of a Ministry which would lack of many powers already decentralized to the mesogovernments (Beltrán, 1992).

But the newly created Ministry of Social Affairs pursued a course of action of co-ordination with the mesogovernments in the development of General Plans such as those concerning Old-age, Drug Addiction, Equal Opportunities, or Youth. These Plans were not passed as pieces of legislation by the Spanish Parliament. They were agreements aiming at making functional the structures of welfare provision in the whole of Spain. In particular, they paved the way for the future transfer of the social services of the INSERSO to the regional systems of social services.

The most important agreement between the three layers of governments had already taken place in 1987 with the approval of the 'Concerted Plan for the Development of the Basic Provision of Social Services by the Local Authorities' (*Plan Concertado para el Desarrollo de Prestaciones Básicas de Servicios Sociales de las Corporaciones Locales*). This intergovernmental agreement has resulted in an administrative co-operation between central, regional and local governments. The aim is that of providing services at the municipal level for the following purposes: (a) information and counseling; (b) social and day care services for the disabled and elderly; (c) refuge for abused women, single mothers, orphans or mistreated minors, and shelter housing for the homeless; and (d) prevention and social insertion.

This network of centers constitutes the basic level for primary attention in Spain, and was supported by all Autonomous Communities except the Basque Country.¹² The annual financing of this Plan is met on equitable terms by the three layers of governments. This agreement was the first in a model of intergovernmental relations characteristic of the process of federalization of politics in Spain. Its implications for other policy areas have been of no little significance (Agranoff, 1993; Moreno, 2001b).

Already in 1987, Spain had joined the EEC II Program of Fight Against Poverty. This involvement enabled the collaboration of various private and public institutions at the different level of government. Comparisons with the situation in other European countries were drawn. As a result, a growing concern on poverty was noticeable at the various institutional levels and cognitive domains (intervention and research).

During this period the major reform carried out by the central government concerning low-income citizens was the universalization of old-age and disability pensions. These pensions have become a fundamental component in the weaving of the Spanish 'safety net'. In 1990, the Law of Non-Contributory Pensions of the Social Security (26/1990) put into effect the awarding of means-tested benefits for old-age and disabled citizens non-affiliated to the Social Security system, or with discontinuous contributory records. Note that the financing of these benefits was initially met by the contributory Social Security system, although it was agreed later on by the social partners in the Toledo Pact (see below) that the costs of non-contributory pensions would be charged to the Spanish general revenue. The 26/1990 Law also established the awarding of means-tested benefits to low-income families for children under 18 years and handicapped, and to which both families in the contributory and non-contributory systems were entitled to claim.

The most substantial developments regarding social assistance and non-contributory benefits were implemented during this period. All things considered, the single most innovative contribution in the construction of ‘safety nets’ in Spain has been made possible by the process of decentralization of power to the 17 *Comunidades Autónomas*. These have developed an active role regarding the implementation of policies directed to fight poverty and social exclusion.

In parallel, and mostly during the 1990s, the regions decided to implement their programs of minimum income for insertion (*Rentas Mínimas de Inserción*). These are programs of minimum income guaranteed for low-income families, which aim at facilitating social insertion of the recipient families (along the lines of the early principles established by the French RMI). These minimum income benefits filled in a hole in the social protection system or, in other words, helped to complete the ‘weaving’ of the Spanish ‘safety net’ as it stands now. Such benefits were intended to provide monetary resources to those citizens potentially active in the labor market confronting situations of need. Elaboration and implementation of these programs by the Spanish regions took place between 1989 (first program introduced in the Basque Country) and 1995 (last one implemented in the Balearic Islands). In section 4 some main features of these programs will be analyzed. Let us point out now that, despite their common initial purposes, they are diverse as regards protection intensity, coverage or means to achieve social integration of program beneficiaries.

After the victory of the Popular Party (PP) in the 1996 General Elections, the Ministry of Social Affairs was subsumed in the Ministry of Labor and Social Affairs. The former Ministry’s powers and competencies were integrated in the lower politically ranked *Secretaría General de Asuntos Sociales*. Also in 1996 the INSERSO changed its name with the assumption of competencies concerning migration. It was renamed as IMSERSO (*Instituto de Migraciones y Servicios Sociales* – Institute for Migration and Social Services). Since then, it has kept minor executive programs regarding services for emigrants, as well as some functions of co-ordination with EU programs. Let us remind that the executive responsibilities for the running of social services of the former INSERSO had already been handed over to the Autonomous Communities, a process completed in 1996.

The considerable expansion of both regional social services and social assistance programs has resulted in a *de iure* segmentation between the contributory (social insurance or social security system for ‘insiders’ and gainfully employees) and social assistance realms of welfare provision (for those excluded from the formal labor market). However, both domains are intertwined in an aggregate of social provision. This has been inspired by the general principle of social citizenship and has, thus, expanded the ‘grey zones’ between both social insurance and welfare assistance realms (Moreno and Sarasa, 1993).

Note that in the period 1980-92, the total number of pensioners rose by 2,5 million (2,1, contributory, and 0,4, non-contributory), from 4,7 to 7,2 million. 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 contributory, and 0.5 non-contributory) as a percentage

of the Spanish GDP. Average Social Security contributory pension benefits increased from 66.5 per cent of the legal minimum wage, in 1980, to 93.3 per cent in 1992, and 100 per cent, in 1995. Non-contributory pensions amounted to 53.3 per cent of the legal minimum wage in 1992 (Cruz Roche, 1994).¹³

In the late 1990s reforms have concentrated in the consolidation of the general system of social protection, especially as concerns financing. This course of action has been based on the consent of the main parliamentary parties and social agents (trade unions, principally). The Report on the 'Proposal for the Analysis of the Structural Problems of the Social Security System and of the Main Reforms to be Accomplished' (*Ponencia para el Análisis de los Problemas Estructurales del Sistema de la Seguridad Social y de las Principales Reformas que deberán acometerse*) was approved by the Congress of Deputies (Spanish parliamentary Lower House) on April 6, 1995, and has since then been known as the *Pacto de Toledo*.¹⁴ Among the main objectives pursued two can be underlined:

(1) A clear division between contributory social insurance and universal non-contributory benefits. This implies that benefits and services of a universal nature (health and social services), and assistance subsidies (pensions' supplements, non-contributory pensions and cash benefits for dependent children) are to be financed by transfers from general taxation revenue. Contributory benefits, in turn, are to be met by both employers and employees social contributions.¹⁵

(2) Pensions (contributory and non-contributory) are to be up-rated annually in line with price increases (and retroactively).

Another main line of reforms has been the gradual orientation towards the activation of policies targeted on claimants potentially active in the labor market. This has been coupled with the adoption of a somewhat restrictive criterion towards access to benefits and unemployment subsidies. Access to the latter has been restricted even further regarding previous contributory requirements and benefit duration.¹⁶ Insertion goals included in the regional programs of minimum income have been the most visible orientation of this activation approach. However, this workfare development has also extended to unemployment subsidies (e.g. active income for insertion, requirements for both agrarian unemployment and general unemployment subsidies, or schemes for 'flexible' retirement). Furthermore, programs targeted to favor access to the labor market are also taking into account incentives for workfare activation of those sectors of population socially excluded.¹⁷ This approach is meant to optimize both policies of labor activation by employment services and those carried by social services for purposes of social insertion.

Some policies for a limited family support have been also implemented in recent years. An instance of this is the Individual and Family Minimum benefit (*Mínimo Personal y Familiar*) according to the 1998 Income Tax Act (40/98). This *Mínimo*, or non-taxable minimum, was defined as the disposable income of the taxpayer to comply with his/her basic needs and with those of his/her dependent family members (see Table 4)¹⁸.

Other measures have been aimed at facilitating conciliation between family and labor lives (*Ley por la Conciliación de la Vida Laboral y Familiar*, 39/1999), and some of them implicitly favoring a pro-natalist policy.¹⁹ According to Decree-Law (1/2000) the already low benefits for family protection were slightly increased.²⁰ Likewise, new cash benefits were to be awarded for the birth of a third and successive child, as well as in the case of multiple births (they are small one-off payments as reproduced in Table 4).

The process of decentralization of policies and services has been deepened and reinforced in recent times. However, the principle of decentralization put forward by the regional legislation has often brought about a certain re-centralization of the policy-making process on the intermediate layer of government (i.e. regional). Important political decisions regarding the minimum income schemes, and the organization and planning of the services developed according to the *Plan Concertado*, have reflected not only a higher degree of political dynamism by the *Comunidades Autónomas*. They have also underlined the subsidiary role played by local councils dependent to a great extent on regional financial sources and regional political concerns.²¹ Only the big cities have been able to challenge the mesogovernments as main protagonists in the development of social services.

THE SOCIAL SITUATION: RECENT DEVELOPMENTS

Poverty trends

Prior to analyzing some of the most relevant features of poverty in Spain, it is necessary to point out the difficulties for obtaining data from official sources. Unlike the situation in other European countries, in Spain there are no official statistics on socio-economic inequalities and poverty. As a consequence, researchers on these issues must deal with other 'indirect' sources of information (Ruíz-Huerta and Martínez, 2000). In recent times there have been three main sources for data collection on poverty:

- Spanish Surveys on Family Accounts (*Encuestas de Presupuestos Familiares*, EPF). Since the 1970s, they have been carried out by the Spanish National Institute of Statistics (INE) in order to provide with data on Spaniards' consumption patterns. It has been the main source of empirical evidence for studies on inequality and poverty analysis and for comparisons made with other countries. EPF information deals mainly with expenditure consumption patterns, as well as monetary income, data on household equipment and appliances, housing features and data on the subjective perception of the surveyed on their economic situation²².
- European Community Household Panel, ECPH. Coordinated by Eurostat it aims at providing comparable data for the study of the living conditions in the European households (including the study of social inequalities, poverty and social exclusion). Because of the lack of other national official sources, the ECPH has become a crucial resource for poverty research in Spain²³.
- Intermittent and one-off studies promoted by private organizations, among which the most relevant ones have been those carried out by Caritas and Edis-Caritas.²⁴

Others have dealt with sub-national frameworks (sponsored by the municipal, provincial and regional tiers of government), and have been often carried out concerning the implementation or evaluation of programs of poverty reduction.

In this section we take into account data on poverty produced by the first two main sources (EPF-ECPF and ECPH). Let us remind that data provided by the successive findings of the European Community Household Panel (ECHP) on household income is detailed and allows longitudinal studies and European cross-country comparisons. As ECHP data do not provide territorially disaggregated information at the regional level, we make use of the 1998 ECPF data instead, which offers a regional breakdown of figures. We take into consideration the most recently available data concerning both sources of information²⁵.

A first observation on the figures provided by the various referred-to sources is the wide disparity concerning the Spanish poor population according to different indicators (see data reproduced by the MTAS, Spanish Ministry of Labor and Social Affairs, in the 2001 NAPSI document, *Plan Nacional para la Inclusión Social*).

In spite of the disparity of the available data on poverty, the various methodologies and research carried out until now allow us to point out consistent trends and figures. During the 1960s and 1970s, analyses on poverty were generally carried out within more general research studies on social structure and change in Spain.²⁶ The very few studies carried out during the 1960s described poverty in a country in the brink of industrialization facing problems of infrastructure, housing and developmental services (Ayala and Renes, 1998). Poverty in the 1970s was analyzed in studies published mainly during the 1980s and beginning of the 1990s (the later based upon data provided by EPF surveys)²⁷, coincided with the process of political transition to democracy and reflected a decrease in the levels of relative poverty. After the international economic crisis in the later part of the 1970s there was an increase in the poverty rates around the beginning of the 1980s. In the subsequent period of expansion the number of poor households diminished and the balance at the end of this decade saw a reduction of the rates of relative poverty (Cantó, del Río and Grandín, 2002).

In the mid-1980s, and on the request of Caritas, the study on 'poverty and marginalization' carried out by EDIS (1984) had a considerable impact not only in the media. It also provoked a wide debate in the public opinion. The study estimated that around 8 million of the Spaniards were poor (i.e. having less than 50 per cent of the income mean). The findings of the EDIS study allowed Caritas to initiate a campaign of demands to the government and public authorities. Following this debate the number of studies on poverty increased considerably (Arriba, 1999; Susín, 2000).

During the 1990s (see Figure 4.1), and taken into consideration ECHP data from 1994 to 1997, the rate of relative poverty (both at 50 per cent of the mean and 60 per cent of the median equivalised income) was between 19 and 20 per cent of the whole Spanish population (Ayala, Ruiz-Huerta, Martínez and Sastre, 2002). The oscillation of the rates of absolute poverty (25 per cent of the mean and 30 per cent of the median of equivalised income) was somewhat higher: between 3.5 and 6.6 per cent of the population²⁸.

Figure 4.1: Poverty rates in Spain (ECHP 1994-1997)

Sources: Ayala, L., Ruíz-Huerta, J., Martínez, R. and Sastre, M. (2002) *Perfil de la población española en pobreza y riesgo social: situación y tendencias a partir del Panel de Hogares de la Unión Europea (1993-1997) y la Encuesta Continua de Presupuestos Familiares*. Madrid: MTAS (Spanish Ministry of Social Affairs) (mimeo).

Note: Poverty rates correspond to percentage shares of population (individuals) whose monthly equivalised income is under different thresholds. Data from the European Community Household Panel (OECD modified scale).

ECHP data has made possible to research on the fluctuation of the static and the dynamic types of poverty. According to the findings of García, Malo and Toharia (2001), permanent poverty in Spain was 9.8 per cent in the period 1994-1996, while 15.1 per cent of the population was entering and leaving situations of poverty; the rest (75,1 per cent) was not poor in either of the cases under consideration.

Table 1 reproduces information about socio-demographic characteristics of individuals (over 16 years of age) living below the national threshold of relative poverty (50 per cent of mean income) based on ECHP-1996 data. In the first column, there were percentages of poor grouped according to individual and household features. According to age the group with higher poverty rates is the youngest (24.4 per cent for 16-24 years), followed by that of 45-54 years (20.1 per cent). It is worth noting that the lowest rate of poverty is among people over 65 years (10,2 per cent). This finding is consistent with the poverty rates among people over 65 years living alone (2.7 per cent), in couples (7.9 per cent), or among retired pensioners²⁹ (7.9 per cent). Taking into account the sources of income, poverty rates were much higher in those groups of individuals living in households where their main means of income were unemployment subsidies (64.4 per cent), followed by those receiving other type of social benefits (36.6 per cent). Access to a salary or a contributory pension is, according to these data, the best protection against the risk of poverty in Spain. Poverty rates were higher among unemployed (38.3 per cent) and individuals with low levels of formal education (21.4 per cent). According to legal status, poverty rates are also higher among widowers or divorcees (24.9 per cent) and among singles (20.1 per cent). As regards types of household, rates were higher among larger ones (26.4 per cent in households of 5 members, and 30.6 per cent in households of 6 or more members) and those with dependent children (32.2 per cent in households with 3 dependent children and 24.7 per cent in those with one single parent living with dependent children)³⁰. At the end of the 1990s, it could be pointed out in general terms that the youngest, the single unemployed, households with unemployed and people living in large-size households are the ones facing greater risks of being in situations of poverty.³¹

As regards regional poverty, data on the territorial distribution of poverty reflect a traditional division between northern and southern regions, although this cleavage does not reach the abrupt proportions of the Italian case. As shown in Table 2, Extremadura, Murcia, Canaries and Andalusia have poverty rates (measured as 50 per cent of the mean equivalised income at the regional level) over 18 per cent of the regional population. Note that poor population in these regions almost reach half of the total poor population in Spain (or 47,8 per cent).

Table 1: Poverty rates by individual and household characteristics ECHP 1996

	Poverty risk by groups %	% Poor Population (Distribution by individual and household characteristics)	% Total Population (Distribution by individual and household characteristics)
Age of individual			
16-24	24.4	22,9	16,5
25-34	16.6	18,2	19,2
35-44	17.5	17,3	17,2
45-54	20.1	16,2	14,1
55-64	18.4	13,8	13,2
≥65	10.2	11,6	19,8
Educational level			
High	5.9	4,7	14,1
Middle	12.3	13,1	18,6
Low	21.4	82,1	67,2
Marital status			
Married	17.0	58,1	60,1
Separated/Divorced	24.9	2,5	1,7
Widow	10.6	4,9	8,1
Single	20.1	34,5	30,1
Household size			
1	4.2	1,2	4,9
2	10.6	10,2	16,9
3	14.7	18,3	21,9
4	16.2	26,9	29,0
5	26.4	25,5	16,9
≥6	30.6	17,9	19,4
Household type			
Single 16-64	7.9	0,7	1,5
Single ≥65	2.7	0,5	3,5
Couple no child. <65	13.8	5,0	6,3
Couple no child. ≥65	7.9	4,7	10,3
Other no child.	15.4	21,7	24,6
Single with child.	24.7	1,2	0,9
Couple 1-2 child.	14.5	18,5	22,5
Couple ≥3 child.	32.2	6,8	3,7
Other with dep. child.	27	35,7	23,2
Labour market position			
Working	11.7	26,0	39,1
Unemployed	38.3	24,2	11,1
Inactive	17.5	49,8	49,8
Main household incomes 1995			
Wage and salary	13.3	41,5	54,6
Self-employed	21.7	13,4	10,8
Pension	14.3	19,4	23,7
Unemployment subsidy	64.4	10,4	2,8
Other social benefits	36.6	11,2	5,3
Capital income	20.7	1,9	1,6
Total population	17.5	100.0	100.0

Sources: Elaboration from García Serrano, Malo and Toharia, (2001)

Note: Poverty threshold: 50% mean of monthly equivalised income (OCDE standard scale). Data ECHP 1996

Above the Spanish national poverty rate there is a group of regions with lower levels of economic development (both Castilles, Galicia o Cantabria). Regions with industrial growth poles and faster development of the service sector of the economy have poverty rates lower than 10 per cent (Aragon, Asturias, Basque Country, Catalonia, Valencia and Madrid are between the 5-10 per cent). In the Balearic Islands, Navarre and La Rioja, the regions highest levels of regional income, poverty rates hardly reach 5 per cent. The poverty gap³² is a good index for comparing the various degrees of severity in the different regions. But the results after applying this index do not result in a different situation from that already reflected by the regional poverty rates. Thus, in those regions where there are more poor people, the poverty gap also shows a higher degree of severity.

Table 2: Territorial distribution of poverty in Spain (ECPF 1998)

Autonomous Communities	Share of total population	Poverty rates	Share of total poor population	Poverty gap
Andalusia	18.3	20.7	31.4	4.8
Aragon	3.0	9.3	2.3	1.6
Asturias	2.7	6.9	1.5	1.4
Balearics	1.9	3.6	0.6	0.4
Basque Country	5.2	8.5	3.7	1.8
Canaries	4.0	18.3	6.1	3.8
Cantabria	1.3	13.0	1.4	2.6
Castile-La Mancha	4.3	13.0	4.7	2.6
Castile and Leon	6.3	12.6	6.6	2.1
Catalonia	15.4	5.8	7.4	0.9
Extremadura	2.7	22.6	5.2	4.8
Galicia	6.9	15.2	8.7	3.3
La Rioja	0.7	3.2	0.2	0.4
Madrid	12.8	7.2	7.6	1.6
Murcia	2.8	22.0	5.1	4.1
Navarre	1.3	4.6	0.5	0.8
Valencia	10.0	8.0	6.7	1.6
Ceuta and Melilla	0.3	14.9	0.4	4.7
Total	100	12.1	100	2.5

Sources: Elaboration from Ayala, L., Ruíz-Huerta, J., Martínez, R. and Sastre, M. (2002), *ibid.*). Data: Spanish Survey on Family Accounts, ECPF, 1997.

Note: Poverty rates refer to percentage shares of population whose monthly equivalised income is under regional thresholds (50% mean of monthly equivalised income) (modified OECD scale)

Nevertheless, such indexes do not incorporate the dynamics in the processes of narrowing or widening the disparities among the diverse regions or *Comunidades Autónomas* concerning poverty levels. At this point, it is important to assess the impacts that the general process of political decentralization and the policy-making implemented by the Spanish mesogovernments have had in poverty reduction. Diverse estimates carried out on the evolution of recent regional and individual economic disparities in Spain have confirmed that a reduction of inequalities concerning the per capita family income among *Comunidades Autónomas* has taken place during the 1990s. Potentialities for policy innovation by the regions have not led inevitably to an increase in territorial inequalities. So far the 'demonstration effect' between the regions has proved to be a great 'equalizer' in terms of general welfare policy output. Evidence has shown that territorial unbalances account for only around 10 per cent of the personal inequalities and had already tended to decrease during the 1980s. Personal redistribution produced by the impact of direct taxation, social contributions and monetary transfers had significantly reduced regional disparities in Spain by between 25 and 34 per cent (Moreno, 2002b).

These data provides with a concise overview of poverty figures in Spain, but they offer a rather distorted situation. Beyond the establishment of static thresholds for the calculation of the various definitions of poverty, one consideration that is often missed in the analyses of poverty is the importance of family and households in peoples' attitudes, expectations and decisions. In Southern European countries, severe poverty rates are lower due to the role of the family as a 'clearing house' in the distribution of material resources. Note that, individually considered, 36 per cent of the total Spanish population was severe poor in 1993 (less than 25 per cent of the mean equivalent household income per head), but they amounted to only 5 per cent of the Spanish population were they considered to share their income within households (Carabaña and Salido, 2001).

Low-income benefits

A look at Tables 3 and 4 is illustrative of the various types of benefits and subsidies (both contributory and non-contributory) which composed the public 'safety net' in Spain. Benefits for low-income citizens can be grouped as follows:

(A) Supplementary Social Security Benefits³³

- Social Security Minimum Pension Supplements (*Complementos de Mínimos de Pensiones de la Seguridad Social*). These are benefits whose function is to top up already provided pensions to a minimum threshold legally established. Claimants' monthly income (excluded the amount received as pension) must not be higher than a limit fixed annually. The Minimum Supplements reach little more than 30 per cent of the total contributory pensions (2,402,321 in the year 2000). In recent years the number of supplemented pensions has gradually decreased due to the longer contributory biographies of the new pensioners. They mostly relate to survivors' pensions, as well as those in the Agrarian and Domestic Regimes of the Social Security.

Table 3: Main features of ‘safety net’ benefits (2000)

Benefits		Access	Means testing	Length	Administrative agency	Activation measures	Estimated amount	Requirements for Beneficiaries
Contributory Access								
Minimum pensions supplements		Contributory	On individual income	Indefinite	INSS (Social Security National Institute) (Centrally-run)	-----	Differential amount up to the minimum pension (yearly fixed according to age, family situation and kind of pension)	Pensioners whose basic pension is lower than the minimum Income lower than the maximum amount (fixed yearly)
Family protection supplements	<18 years	Contributory	On household income	Indefinite while access conditions remain	INSS	-----	Total amount	Affiliated workers and pensioners Child with no disability and younger than 18 years Income lower than the fixed amount yearly (+15% for the 2 nd child and successive)
			Reduced amount (differential)			Affiliated workers and pensioners Child with no disability and younger than 18 years Income lower than the maximum amount (yearly fixed) + benefit		
	Disability	When no access to a non-contributory pension	-----			Total amount	Affiliated workers and pensioners Disabled children without access to non-contributory pensions or assistance pensions	
Unemployment subsidy		Contributory	On household income	Variable depending on the contribution, age and family charges	INEM (Employment National Institute) (Management transferred to regions)	Conditions: Do not refuse right job offers neither training or labour restructuring programmes	Total amount	Unemployed person (1 month registered) Do not refuse job offers or training, labour promotion or restructuring programmes Exhausted benefit or insufficient contribution and other situations Low-incomes Contribution: 3 months+family resp.; 6 months; +52 years with access to cont. pension +6 years of contributions Older than 45 with exhausted benefit
Agrarian unemployment subsidy (Andalusia and Extremadura)		Contributory	On household income	Variable depending on the contribution, age and family charges	INEM	Conditions: It depends on ages (16, 25, 52 and 60 years), access, amounts and length	Total amount	Unemployed people Eventual employee registered in the REASS, Andalusia and Extremadura Low-incomes Contribution: minimum number of working days (35); +52 years with access to cont. pension +6 years of contributions
INEM Active income		Contributory	On household income	10 months	INEM-CCAA (Regional Autonomous Communities)	Labour insertion programme and workfare commitment	Total amount	Long-term unemployed people (12 months) ≥45 years Family responsibility Low-incomes

								End of the contributory benefit Signing of workfare commitment (benefit is provided 3 months later)
Non Contributory Access								
Assistance pensions (disappearing)		Non-contributory	On household income	Indefinite	CCAA	----	Total amount	Disabled and old-age ≥66 years Helplessness Income lower than the benefit and no property
Minimum income guarantee (disability-LISMI) (disappearing)		Non-contributory	On household income	Indefinite	IMSERSO-CCAA (Institute of Migrations and Social Services) (Management transferred to regions)	----	Differential amount	Disability Personal income lower than 70% MW
Non-contributory pensions for disabled and old-age		Non-contributory	On household income	Indefinite	IMSERSO-CCAA	----	Differential amount between incomes or beneficiary benefits/household and the 2 nd beneficiary pension and successive: 70% Minimum: 25% of the pension	Invalidity: 18-64 years, ≥65% disability, low-incomes
								Retirement: 65 years, insufficient incomes
Non-contributory family protection	<18 years	Non-contributory	On household income	Indefinite while access conditions exist	INSS	----	Total amount	Child with no disability and younger than 18 years Income lower than the fixed amount yearly (+15% for the 2 nd child and successive)
							Reduced amount (differential)	Child with no disability and younger than 18 years Income lower than the maximum amount (yearly fixed) + benefit
	Disability					When no access to a non-contributory pension	----	Total amount
Minimum income schemes of the Autonomous Communities		Non-contributory	On household income	Variable depending on the autonomous legislation	CCAA	Commitments and social and labour insertion programmes	Differential amount	Variable

- Social Assistance Benefits for the Unemployed (*Subsidios de desempleo*): (a) the means-tested *Subsidio por Desempleo* is available to unemployed whose contributory benefit has finished. They are especially targeted for those with dependent children, or those over 52 years of age with difficulties to re-enter the labour market. During the year 2000, the mean figure of monthly beneficiaries was 367,851; (b) the *Subsidio de Desempleo Agrario* is available to unemployed workers included the Special Agrarian Regime within the Social Security system, and living in the poorer regions of Andalusia and Extremadura (224,170 monthly beneficiaries),³⁴ and (c) the *Renta Activa de Inserción Laboral*, a benefit introduced in 2000 on an annual basis, which aims at facilitating labour insertion for long-term unemployed workers over 45 years of age, and who are in needy situations subject to means testing. This *rentas activas* had a limited impact in 2000, when they were implemented (3,966 beneficiaries). However, it meant the adoption of an insertion criterion for unemployment subsidies similar to that of the regional minimum income schemes.

(B) Non-contributory Social Security benefits

- Non-contributory Social Security Pensions (*Pensiones no Contributivas de la Seguridad Social*, or PNCs), Assistance Pensions (*Pensiones Asistenciales*), and LISMI subsidies for the elderly and disabled (*Subsidio de Garantía de Mínimos*, LISMI) (NB. The latter in a gradual process of phasing out). The non-contributory pensions are benefits targeted on households of low-income population of +65-years and the disabled (with a 65 per cent of invalidity). Beneficiaries have not been contributory members of the Social Security system during their working life. During 2000, the monthly mean figure of non-contributory pensioners was 471,275. Note that both Assistance and LISMI subsidies are subject to a gradual phasing out after the implementation of the PNCs in the year 1990 (Law 26/1990). They are still available for those beneficiaries who had access to LISMI before 1990 and were not included in the provisions of the PNCs. However, during 2000 there were 68,058 and 83,471 Assistance and LISMI pensioners, respectively, whose benefits would be lower if they were to perceive the later implemented PNCs.

- Family Benefits of the Social Security (*Prestaciones Familiares de la Seguridad Social*). They are low intensity benefits for dependent child/ren under 18 years-of-age awarded to low-income families either with or without contributory biographies (see Table 4). They are slightly more generous in the case of handicapped children. Benefits amounts are higher in the case of children over 18 year with serious disability, and in this respect they can be considered as non-contributory pensions although its concession is incompatible with any other non-contributory benefit. During the year 2000, amounts were increased and other benefits such as one-off payments for the birth of third and successive children, as well as for multiple birth, were also implemented. Their impact in the non-contributory benefits awarded by the Social Security is very limited.

Table 4: 'Safety net' benefits and minimum schemes: Amounts and beneficiaries (2000)

BENEFITS		AMOUNTS		M.W.%	BENEFICIARIES	NOTES
CONTRIBUTORY ACCESS						
Minimum contributory pensions supplements		With spouse	Retirement 65 years: 424.61 Disability: Major Invalidity: 639.92 Absolute: 424.61 Total with 65 years: 424.61 Absolute orphan: 353.75	99.3 149.6 99.3 99.3 82.7	2,402,321	Beneficiaries up to 31/12/2000: 31,4% of pensions All amounts in 14 payments per year (with or without dependent spouse)
		Without spouse	Retirement 65 years: 360.24 Disability: Major: 540.82 Absolute: 360.54 Total with 65 years: 360.54 Widows 65 years: 360.54 60-64 years: 316.94 >60 years: 252.90 Orphans: 104.30 To relatives in charge: 104.30 With 65 years: 268.59 >65 years 252.90	84.2 126.4 84.3 84.3 84.3 74.1 59.1 24.4 24.4 62.8 59.1		
Family protection supplements	<18 years	No disability and younger than 18 years: 24.25 Younger than 18 years and disability > 33%: 48.47 Older than 18 years and disability > 65%: 234.76 Older than 18 years and disability > 75%: 352.13 Maximum Income for family protection: 619.99	4.9			
	Disability		9.8 47.4 71.1 125.1			
Unemployment subsidy		318.60	64.3	367,851	12 payments per year	
Agrarian unemployment subsidy (Andalusia and Extremadura)		318.60	64.3	224,170	12 payments per year	
INEM Active income		318.60	64.3	3,966	Maximum: 10 payments	
NON-CONTRIBUTORY ACCESS						
Assistance pensions (phasing out)		174.83	35.3	68,058	'Frozen' amount since 1991 (phasing out) Beneficiaries: data from the Basque Country unavailable	
Minimum income guarantee (disability-LISMI) (disappearing)		174.83	35.3	83,471	'Frozen' amount since 1991 (phasing out) Beneficiaries: data from the Basque Country and Navarre unavailable	

Non-contributory pensions for disabled and old-age		288.10	58.1	471,275	12 payments per year
Regional minimum income schemes of the Autonomous Communities		Maximum: 318.60 Minimum: 238.92	64.3 48.2	78,445*	Basic amount. 12 payments per year *Number of households
OTHER MINIMUM INCOME SCHEMES					
Minimum wage (M.W.)		427.79 (month) 5,947.13 (per year)			Annual amount corresponds to 14 monthly payments
Income tax: Personal/family minimum (‘mínimo vital’)	Individual minimum	Taxpayer <65 years 3,305.56 ≥65 years 3,906.57 Disability: 33% - 64% 5,108.60 Disability ≥65% 6,911.63 Single-parent family <65 years 5,409.10 Single-parent family ≥ 65 years 6,010.12 + disability between 33% -64% 7,212.14 + disability ≥65% 9,015.18			Established by Income Tax Law 40/1998
	Family minimum	Ascendant ≥ 65-y.+ income <M.W. 601.01 Descendent. Single<25years. *: 1st & 2nd children 1,202.02 3° and successive children 1,803.03 suppl. school material (3-16 years) 150.25 suppl for each descendent <3 years 300.50 suppl. disability 33% - 64% 1,803.03 suppl. disability ≥65% 3,606.07			Established by Income Tax Law 40/1998 * Provided that income is not higher than the minimum threshold established of <u>6,010.12</u> exempted the amounts regulated in art. 48 of the Income Tax normative

Sources: Elaboration from CES (2001) p.66, MTAS (2001b) and data provided by the *Dirección General de Acción Social, del Menor y de la Familia* (Spanish Ministry of Labour and Social Affairs)

(C) Regional Minimum Income Schemes (*Rentas Mínimas de Inserción*)

They are non-contributory programs regionally implemented by the 17 Spanish *Comunidades Autónomas* with different characteristics but with the same general aim of social insertion for low-income or non-income families. Amounts of minimum income guaranteed vary according to the ‘generosity’ of each region. Access to these programs and benefits is available for families whose income is lower than established thresholds by each region (in some of them there is an annual budgetary limit for the total amount of benefits to be awarded). Program eligibility and continuity for beneficiaries is conditioned on their engagement in activities of social insertion. According to data collected by the Spanish General Directorate of Social Action, Minors and Family (*Dirección General de Acción Social, del Menor y de la Familia*), 78,645 families were receiving monthly these benefits in 2000 (for a more detailed analysis see section 4).

A fragmented ‘safety net’

Despite its fragmentation, an organizing rationale can be identified in the configuration of the public ‘safety net’ protection in Spain. Figure 2 illustrates the various levels and itineraries of this basic social protection.

Note that all benefits for the low-income are means-tested, although how this criteria is applied vary in some aspects. For instance, some benefits are paid to people already receiving contributory pensions (Social Security Minimum Pension Supplements), or to unemployed who exhausted their contributory unemployment benefit period (Social Assistance Benefits for the Unemployed). Benefits in cases of the Non-contributory Social Security Pensions, Family Benefits of the Social Security and Regional Minimum Income subsidies can be claimed with no previous contribution to the Social Security system. Most of these cash benefits take into account the aggregate level of all-family income (or household) as a criterion for eligibility. Further to this, some subsidies are differential benefits that increase existing income to an established minimum, whereas others are provided as final amounts.

All these benefits provide cash amount which are lower than the legally established minimum wage (see Table 4). In other words, they provide a lower protection than that beneficiaries could get were they to be active and employed in the formal labor market.³⁵ The different benefits are ordered ranging from those which offer a better coverage to those more limited (in duration and intensity), and more conditioned with the compliance of activities related generally to labor activation. Variations in the awarding of the benefits depend on institutional milieus and civil servants discretionary criteria (at all three state, regional and local levels of government). Somehow the intensity of the benefits is inversely coherent with the principle of territorial subsidiarity: the ‘better quality’ benefits are also the ones provided by the central institutions (i.e. those of the contributory social security system). It is also noticeable that access to ‘better quality’ benefits is independent from the family income,³⁶ while the lower levels are family benefits *strictu sensu*.

Figure 2: The Spanish public ‘safety net’: levels and itineraries of protection

The contributory principle is the main criterion around which all different sub-systems are organized and, thus, a relationship with the formal labor market background of the beneficiaries is established. All of those applicants to low-income benefits who have secured a sufficient contribution to the Social Security can have better contributory benefits (retirement pensions, disability and survivors', as well as unemployment benefits). When the contributory record of the claimant has come to a stop (unemployment), or is insufficient (pensions), means-tested benefits are to be supplemented so that a minimum established legally can be reached.

In the event of no previous contribution to the Social Security, a preferential criterion is set also according to the labor market situation of the claimant (age or degree of invalidity) as happens with contributory benefits. For those workers who are not potentially active (over 65 years and disability over 65 per cent), Social Security Non-Contributory pensions as well as LISMI and Assistance benefits are also available. Those claimants potentially active (under 65 years and with disability lower than 65 per cent) can also be eligible under the regional programs of minimum income.

Age is an important protection marker for the grouping of claimants in different categories. The age of 65 years delimits active and non-active status. However, unemployment subsidies also take into account the specific situation of those claimants over 45 and 52 years of age in order to allow for a relaxation of the eligibility criteria, the extension of the benefit duration, and other related circumstances. At the other end, for needy claimants under the age of 25 years benefits have the family as unit of reference (exception made of those already in the formal labor market or who have their own family). Note, however, that family benefits for dependent children have as upper limit the age of 18 years. (Table 4 reproduces a list of main features of national legislation on benefits for the low-income).

As regards the regional minimum income schemes it has to be pointed out their residual or subsidiary role with respect to schemes of insertion mainly of the Social Security system. They have taken on board beneficiaries derived to them from program reduction, changes and insufficiencies of the main social assistance protection schemes (contributory and non-contributory). This regards not only income maintenance but also other policies on education, housing or health (Serrano and Arriba, 1998).

The Spanish NAPSIs: *Plan Nacional de Acción para la Inclusión Social del Reino de España*

Following the commitment expressed at the Lisbon European Council (June 2000) and the EU objectives agreed at the European summits of Nice and Copenhagen, the Spanish Government engaged in the working out of the National Plans on Social Inclusion (NAPSIs) for the periods 2001-2003 and 2003-2005. Co-ordination for the working out of both Plans has been the responsibility of a Secretariat organically located at the General Sub-Directorate of Programs of Social Services, within the General Directorate for Social Action, Minors and Family, in the Spanish Ministry of Labor and Social Affairs.³⁷

As a result of the fragmented nature of the system of social protection in Spain, and the deep process of decentralization of welfare competencies, the central layer of government can be regarded as the one playing a subsidiary role with respect to the regions in matters of social welfare. The Secretariat neither had an easy task in securing information provided horizontally by other ministerial bodies of the central governmental, nor by others layers of government (regional, principally), with regard to other sector policies (education, employment or housing). It was not the task of the Secretariat to make fresh inputs into the Plans, and its human and material resources were limited.³⁸

As expressed by the officials involved,³⁹ the main task for the elaboration of the Plans was based primarily on co-ordinations activities. Accordingly, the Plan Secretariat counted on the participation and contribution provided by other institutions involved actively in the programs of fight against poverty and exclusion; (a) public bodies (central, regional and local governments); (b) social partners (trade unions and Economic and Social Council);⁴⁰ (c) NGOs⁴¹, (d) experts⁴² and (e) targeted groups and 'users'.

For the elaboration of the 2001-03 Plan, information on the activities and proposals related to the four objectives established in EU's Nice Summit was compiled. In the 2003-05 Plan data for the evaluation of the previous Plan was also included. For each planned action, characteristics of the less-favored groups, number of beneficiaries, human and budgetary resources were requested. The collected information was aggregated and systematized into what are the central contents of the NAPSI and the evaluation of 2001-03.

Thus, the Spanish 2001-03 NAPSI did not incorporate new strategies or a reorientation of actions already established by the various governmental bodies involved in the fight against social exclusion. It can be regarded as the very first attempt made by one central government institution to co-ordinate information at both horizontal and vertical levels in social matters. In this respect, the most relevant achievement of the first Spanish NAPSI was an active intergovernmental participation and the involvement of social partners and stakeholders. Different perspectives were expressed by the participants, which indicated the difficulties in articulating common institutional grounds in the fight against poverty and social exclusion in Spain. As a result an exhaustive recompilation of the various policies and programs implemented at the various layers and institutions of government and by the concerned civil society organizations was produced. The same pattern was basically followed with the 2003-05 Plan.

The Spanish NAPSI did not put forward new ideas. They provide with a picture of what is already being carried out by the different social actors and stakeholders involved in programs of social inclusion. The existing structures of social protection were not scrutinized or even questioned in the NAPSI. Consequently, a good deal of actions, measures and proposals included in both Plans make references to already existing governmental plans: e.g. Employment Plan (*Plan Nacional de Empleo*);⁴³ Concerted Plan for the Development of the Basic Provision of Social Services by the Local Authorities' (*Plan Concertado para el Desarrollo de Prestaciones Básicas de Servicios Sociales de las Corporaciones Locales*); Integral Plan for Family Support (*Plan Integral*

de Apoyo a la Familia), Equal Opportunities Plan for Women (*Plan de Igualdad de Oportunidades*), Integral Plan Against Domestic Violence (*Plan Integral contra la Violencia Doméstica*); Professional Insertion Plans (*Planes de Inserción Profesional*); National Plan of Housing (*Plan Nacional de Vivienda*); access to new technologies (*Plan Info XXI*); Action Plan for Elderly People (*Plan de Acción para las Personas Mayores*); Action Plan for the Disabled (*Plan de Acción para Personas con Discapacidad*); or reinforcement of the pensions system, according to the agreement on improvement of social protection reached by the employers' associations and the trade union CCOO on April, 2001.

As a result, the Spanish NAPSIs lacked of a clear delimitation concerning the comprehensive domain of social exclusion (in some cases related to processes of societal change, in others to problems of social cohesion such as those derived from unemployment, or regarding groups with problems of marginalization). There was neither a unitary definition of a set of priorities which could facilitate social inclusion. Rather, the NAPSIs offer a mosaic of heterogeneous measures and proposals which in most cases reflect the proposals put forward by the social actors to combat social exclusion.⁴⁴

None of the Spanish NAPSIs actions counted on extra financing to accomplish its stated aims. The main reason for this austere rationale has to be found in the general budgetary aim embraced by most PP Government policies: the 'zero deficit'. Consequently, no extra funding or budgetary provision was to be incorporated to the Plan. Public financing of actions was already included in the corresponding budgetary entries of the bodies involved (e.g. NGOs programs continued to be carried out according to the available moneys collected by income tax). A look at the financial data for the 2001-03 and 2003-05 periods reproduced in Table 5 shows that the larger budgetary amounts or increases correspond to programs already established and developed as priorities by the central government. These programs were mainly in either social policy matters (employment, family support or elderly care), or in new fields of intervention (new technologies), which were now 'incorporated' to the NAPSI as actions favoring social inclusion (Rodríguez-Cabrero, Arriba and Marbán, 2003).

The 2003-05 Plan follows largely the methodology and actions initiated with the first NAPSI.⁴⁵ The latter is not to be regarded as a platform to articulate a multilateral impulse facilitating social inclusion, but it has been effective, according to its evaluators, in expanding the concept of social exclusion among the various actors intervening in social policy development (MTAS, 2003).

The methodology for evaluating the 2001-03 Plan was similar to its initial elaboration: the final report was the result of an aggregation of the various assessment inputs produced by the intervening evaluators. In general terms, the appraisal is very positive, which is reflected in the document with an increase of activities, targeted groups and 'users', as well as an optimization of expenditure. However, some notable shortcomings in this evaluation exercise are to be pointed out:

Table 5 : National Action Plans aggregate budgetary efforts (2001-2004) (€million)

Objective/Area of action	2000 accomplished (revised)	2001+2002 accomplished (provisional)	2003+2004 estimated
Objective 1.1.:	1,071.2	2,531.1	2,933.6
Access to employment	1,071.2	2,531.1	2,933.6
Objective 1.2.:	13,226.8	28,152.0	29,332.1
Income guarantee	10,107.2	20,534.3	21,125.8
Social Services	534.6	1,171.6	1,243.5
Access to housing	446.8	1,030.4	1,113.0
Education	1,064.7	3,005.1	3,227.2
Health	1,073.5	2,410.7	2,565.1
Justice	----	----	57.5
Objective 2:	327.6	798.0	702.1
Inclusion/territorial interventions	----	----	14.1
Support family solidarity	315.0	728.9	616.3
Access to new technologies	12.6	69.1	71.7
Objective 3:	849.1	2,076.4	2,478.8
Elderly	176.3	636.1	930.2
Disabled	235.6	517.6	564.9
Women	62.0	134.1	140.8
Youth	42.5	95.2	106.9
Children and family	197.7	400.4	403.6
Gypsy population	60.1	120.7	126.1
Immigrants	63.2	149.3	182.2
Homeless	8.6	17.3	18.2
Former inmates	3.1	5.8	6.0
Objective 4:	102.6	259.7	288.4
Mobilisation of agents	102.6	259.7	288.4
Total	15,577.2	33,817.1	35,735.0

Sources: Spanish Ministry of Labour and Social Affairs (MTAS, 2003: 39 and Appendix II, 94)

- NAPSIs' assessment is based in the enumeration of actions and measures taken without analyses of the real effects. If, for example, there is data on the number of people who had access to the Plan regarding measures to improve their employability, no figures are provided on how many of individuals found finally a job. In this respect, the evaluation is rather on Plan's output than on outcomes.⁴⁶
- There is no identification of the weak points and main obstacles for the actual implementation of the original Plan. Likewise, there is a lack of self-criticism in the actual shortcomings faced by the running of the Plan.
- There is no comparison between actions originally planned and actually implemented. Furthermore, measures which were not stated initially were evaluated whereas other included originally were not subject to appraisal.
- Impact assessment of actions and measures was difficult in many cases because they were incorporated from already-run programs which had been put into effect disregarding the NAPSI. There is little ground to claim, for instance, that improvement in child education was consequential to the elaboration of the NAPSI.
- There is a lack of evaluating criteria and priorities. The increase in the number of individuals who had access to goods and resources through 'non-normalized' circuits (*Programas de Garantía Social*) is not *per se* a good result unless it is so initially stated.
- There seems to be a clear interference between planning and evaluating. Members of the same team for planning carried out evaluation activities as well.

Let us briefly analyze what were considered to be the main contributions and innovations of the Spanish NAPSI 2001-03, and which continue to appear as crucial factors in the 2003-05 Plan. First, the elaboration of the Territorial Action Plans for Social Inclusion (or TAPSIs), a commitment assumed by the 17 Spanish *Comunidades Autónomas*,⁴⁷ with a particular reference to Local Plans for Social Inclusion to be developed by municipalities representing up to 40 per cent of the total Spanish population. In some of them, the TAPSIs had already been elaborated (Basque Country, Canary Islands, Castille and Leon, Castille-La Mancha, Catalonia, La Rioja and Navarre).⁴⁸ Others were in the process of elaboration, such as that of Madrid. According to the evaluation of the Plan, in September 2003 thirteen TAPSIs had already been approved, although they were not listed in the document. There was no explanation on why the remaining regions had not been able to finalize theirs. Information of TAPSIs' main orientation, characteristics and features was also lacking.

The second contribution referred to the crucial importance that mobilization by social actors and stakeholders should have for the future viability of the Spanish NAPSI. The Plan foresaw the establishment of several multi-level committees and commissions for the optimization of information exchange and group participation, including NGOs, experts, practitioners and media leaders. Participation of civil society organizations involved representatives of the Red Cross, Caritas, the Gypsy Secretariat and the CERMI (*Comité Español de Representantes de Minusválidos*, Spanish Committee of

Disabled Representatives). These NGOs are equipped with better material infrastructure and human resources than other 'low-profile' associations. Accordingly, they were able to make not only comprehensive proposals, but could also articulate strong critical views, something which other rank-and-file associations could not afford.⁴⁹

The document of evaluation of the NAPSI assessed positively the monitoring of activities through committees, coordinating bodies or debating forums. Instead, little is said on the outcomes of such activities or the obstacles and limitations faced in the participation process⁵⁰.

The 2003-04 Plans insist on the importance of mobilizing not only social actors and agents, but also targeted groups and 'users'⁵¹. In fact, this emphasis on participation is reflected in the incorporation of associations which incorporate targeted groups to the evaluation process⁵². Institutions of the Third Sector appears in such a manner as social 'double agents' with intervening roles *tout court*: firstly, they are managers and promoters of programs for social inclusion (or NGOs in NAPSI's terminology); and secondly they are mediators --or, rather, intermediaries-- between the public institutions and the potential 'users' in risk situations (they are considered themselves as associations of targeted groups according to the denomination of the NAPSI).

In sum, resource co-ordination and data systematization in the fight of social exclusion are paramount concerns in a quasi-federal country such as Spain. The process of elaboration and evaluation of the Spanish NAPSI has provided a great opportunity to advance along such a route. However, the first set of results seem to indicate that a greater involvement of the various layers of government and the social actors and agents involved in facilitating social inclusion is further required. The aggregation of activities to enhance social inclusion is, therefore, needed in order to achieve common objectives.

REGIONAL MINIMUM INCOMES SCHEMES

The Spanish mesogovernments of the *Comunidades Autónomas* have shown an active interest for policy innovation concerning welfare programs. Among the various actions taken by them one is to be identified as having far-reaching repercussions for the weaving of 'safety nets' of social protection in Spain: the programs of minimum income of insertion (*Rentas Mínimas de Inserción*).

The general process started in September of 1988 with the announcement by the Basque Government of a regional *Plan de Lucha contra la Pobreza* (Program against Poverty). This initiative sparked off a regional mimesis, or 'demonstration effect', on the part of the other 16 *Comunidades Autónomas*. By the end of 1990s, all Spanish mesogovernments were engaged in the implementation of regional programs of minimum income.

Some of the programs of minimum income were established mainly on the initiative of the mesogovernments, and as a result of the combined action by both types of policy-makers (elected politicians and executive officials). In some other cases, the pressure exerted by the opposition parties in the regional parliaments was the main factor behind the elaboration of these programs. Finally, a third path of policy-making was due to the

mobilization of the regional branches of the main trade unions (CCOO and UGT), as well as some significant NGOs, such as Caritas.

As a result of this process all *Comunidades Autónomas* maintain since the early 1990s social assistance programs for minimum income guaranteed. Due to the fact that they were all included in the regional political agendas and that the common rhetoric for the implementation of these programs was in favor social inclusion, we analyze them as a common block of policies. Certainly, there is a degree of internal diversity within this block, something which adds just another element of fragmentation in the Spanish 'safety' net of social protection. Some *Comunidades Autónomas* have been able to develop benefits of social minima which can be considered as genuine income guaranteed by regional laws. Other just offer assistance benefits of a low intensity and coverage, while other are more discretionary. All things considered, and in contrast to the situation of Italy, where the survival of the program of *reddito minimo d'inserimento* was mainly dependent on resources granted by the central government, the *Rentas Mínimas de Inserción* can be regarded as an autonomous initiative taken by the Spanish mesogovernments with a common political discourse although with different policy outputs.

Main features of the regional programs

As a proviso, the lack of comprehensive and systematic information compiled on these programs should be acknowledged. On the available information there is a temporal mismatch which makes systematic analyses difficult. Regional sources are multiple and not always follow similar patterns of data collection. Thus, analyses will mainly take into account assessments mainly made on the first period of implementation of regional *Rentas Mínimas de Inserción* (1989-94), on which research was carried out based upon primary data collected with consistent criteria (Aguilar, Gaviria and Laparra, 1995; Ayala, 2000). We will make use of data later produced systematically by the General Directorate of Social Action, Childhood and Family (*Dirección General de Acción Social, del Menor y la Familia*) but on the information facilitated by the *Comunidades Autónomas*, not always collected with similar indicators.⁵³ The latter should therefore be considered with a degree of caution.

The regional programs of minimum income have distinct characteristics with regard to the intensity of the benefits and the insertion obligations to be complied by the beneficiaries. However, they are quasi-universalistic entitlements, which combine cash benefits with activation policies and programs of social integration (employment promotion and vocational training courses, primarily). Their main common features can be identified as follows:

- (a) Families are the units of reference even though individuals can be single beneficiaries.
- (b) Means-tested criteria is related to a threshold of household income under which cash benefits are awarded (around two thirds of the 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.

Indeed, policy outcomes have resulted in some visible differences in the intensity of the benefits and, above all, the nature of the ‘insertion’ programs to be accomplished by the beneficiaries. According to these differences three groups of the regional program of *Rentas Mínimas de Inserción* can be identified (Laparra and Aguilar, 1997):

- (a) Those establishing a link between the perception of the subsidy and the aim of insertion;
- (b) Those where insertion takes the form of a job contract, and the benefits are subject to workfare;
- (c) Those discretionary and *ad hoc* social assistance.

Together with this criterion the levels of coverage and the protecting intensity of the program benefits⁵⁴ have been taken into account in order to established the following typology:

Table 6: Typology of the regional programmes of minimum income of insertion

Coverage and protecting intensity	<i>Renta mínima de inserción</i>	Social Programmes	Assistance	Protected employment	social
High	<u>Basque Country</u>				
Medium	<u>Madrid</u> <u>Catalonia</u> <u>Navarre</u> ⁺	<u>Aragon</u> * <u>Galicia</u> Murcia* La Rioja* Balearics ⁺ Canaries Cantabria Castile and Leon Valencia Extremadura		La-La Mancha <u>Asturias</u>	
Low				Andalusia	

Sources: Based on Aguilar, Gaviria and Laparra, 1995

Note: * The small amount of the benefits involved is to some extent compensated by other subsidies of family integration. ⁺ Based on information provide after 1995. Underlined: Regional legislative regulation in 2000

The information reproduced in this table relates to three large groups. The program implemented in the Basque country is the one which can be considered as a ‘genuine’ minimum income scheme of insertion. As reproduced above these lines, there are other programs which could be regarded as minimum incomes schemes with some limitations, due to restrictive elements mostly of a budgetary nature. The second group refers to minimum subsidies with legal restrictions (requirements for program access and benefit continuation), and a final one is characterized by a very limited coverage and intensity. Further to this, there are workfare programs which prioritize temporary job of ‘social usefulness’, and which residually provide periodical cash benefits. In any case, this

classification should be re-assessed as several of the regional programs have been adjusted and modified in recent years. At current an evaluative exercise taken into account all regional programs is very much needed.

Often it is questioned whether or not the RMIs programs imply a citizen's right. The promulgation of a regulating regional law could be adduced for the claiming of a legal entitlement to be contested before the court. In Table 6 it is indicated those regions which had been passed regional acts of such a nature up until the year 2000 (to which the 2001 law passed in Madrid Region should be added). However, and despite the legislative status, the individual legal entitlement has its limits on the budgetary availability of funds to cover the due expenses to be claimed by the potential beneficiary. The exception to this general consideration is the Basque program, which provides with full entitlements disregarding budgetary limitations.

On explaining the differences in policy outcomes, the variable financial maneuverability has been adduced as the main explanatory factor. Certainly, the Basque Country and Navarre with a system of fiscal quasi-independence have been able to fund more generously their programs of minimum income. Note that as compared with the autonomous public spending in Catalonia, the Basque per capita expenditure is 1,8 higher.⁵⁵ Nevertheless, the setting of political priorities in policy funding appears to be the most compelling explanatory element. After all, the Spanish mesogovernments have the final budgetary say in the running of a type of programs which are the product of their own initiative.

- Access to programs and criteria of eligibility

In the majority of the *Comunidades Autónomas* an annual amount is fixed to cover the expenditure associated to the program and, once this is exhausted, no more beneficiaries can be accepted. In some other regions, where the entitlement to the minimum income is guaranteed, a set of indicators is established for claimants. In this section, we refer to accessibility and eligibility criteria common to most of the regional programs: Specific requisites to comply with are as follows:

(a) *Nationality and residence.* Nationality is not a requirement to have access to minimum income programs in most of regions (exception made of Cantabria and Canary Islands). However, a certain period of registered residence of the beneficiary in the *Comunidad Autónoma* is required in all programs. Initially, regional policy-makers feared of some kind of 'welfare tourism' (beneficiaries moving around the country to apply for the most generous subsidies), although this has not proved to be the case later on. In some regions the residence precondition is a clear disincentive for the illegal immigration in a policy domain in which the central administration has adopted a tough 'law-and-order' approach, and there is a clear absence of a comprehensive intergovernmental plan of action. Requirements vary from the obligation for the potential beneficiary of having resided since a concrete date (e.g. 1985 in Cantabria), to long periods of residence (e.g. 10 years in Navarre or 5 years in Galicia). In some *Comunidades* the prerequisite of residence is shorter and ranges from 2 or 3 years in Catalonia and La Rioja, to 1 year in Valencia, or none in the case of Castille-La Mancha.

Table 7: Regional expenditure and coverage of the programmes of minimum income schemes (2000)

Autonomous Communities	Regional Expenditure		Population coverage		Protective Intensity		
	Actual spending (million of €) ¹	% Budgetary effort ²	Number of households ³	% of households ⁴	Basic Amount ⁵ (€/month)	% M.W. ⁶	% N.C.P. ⁷
Andalusia	27.5	0.17	15962	0.73	263.4	53.1	91.4
Aragon	2.6	0.12	1396	0.33	254.8	51.4	88.5
Asturias	10.6	0.86	1512	0.45	282.3	57.0	98.0
Balearics	1.1	0.12	570	0.21	282.1	56.9	97.9
Basque Country	53.2	1.03	16550	0.52	305.4	61.6	106.0
Canaries	8.0	0.21	5358	1.12	238.9	48.2	82.9
Cantabria	3.5	0.39	2340	1.39	249.4	50.3	86.6
La-La Mancha	1.9	0.07	813	0.15	297.5	60.0	103.3
Castile and Leon	8.8	0.20	2814	0.32	260.3	52.5	90.3
Catalonia	36.6	0.28	9726	0.47	285.5	57.6	99.1
Extremadura	3.1	0.18	1351	0.38	318.6	64.3	110.6
Galicia	12.7	0.20	4156	0.50	242.0	48.8	84.0
La Rioja	0.3	0.08	179	0.22	289.1	58.3	100.3
Madrid	24.9	0.38	7855	0.48	249.0	50.2	86.4
Murcia	1.0	0.06	3478	1.00	240.4	48.5	83.4
Navarre	4.1	0.19	1820	1.02	318.6	64.3	110.6
Valencia	10.0	0.14	2565	0.20	298.0	60.1	103.4
Total	210.0	---	78445	0.61	---	---	---
Averages	---	0,28	---	---	275,0	55,5	95,5

Sources: Elaboration from data provided by the General Directorate for Social Action, Minors and Family (*Dirección General de Acción Social, del Menor y de la Familia*) (Spanish Ministry of Labour and Social Affairs).

Notes:

¹ Budget expenditure amounts correspond to minimum income payments, except for Asturias which also includes social wage expenditure and training.

² Percentage of expenditure related to minimum income schemes as percentage of the consolidated regional budgets of the *Comunidades Autónomas*, Ministry of Public Administration (<http://www.map.es>)

³ The number of households corresponds to the number of benefits. In some cases, data corresponds to the number of households with access to the programme at any moment (e.g. during December in Madrid); in some others, data corresponds to the number of households with access to the benefits throughout the year (e.g. Basque Country).

⁴ Source for the total number of households of the Autonomous Communities is the Survey on Family Accounts (ECPF), 4th Trimester, 2000, INE (Spanish National Institute of Statistics).

⁵ Basic initial amounts. The final benefit to be perceived by the beneficiaries is the result of adding family supplements (depending on family size and on each CCAA) and subtracting any income received by the family.

⁶ Percentage of the basic amount of the minimum income with regard to the legally established minimum wage (year 2000: 495.5 €/month; annual amount apportioned in 12 payments).

⁷ Percentage of the basic amount of the minimum income with regard to non-contributory pension for disability and old-age (year 2000: 288.10 for 12 months; annual amount apportioned in 14 payments).

(b) *Household formation and composition.* Regional minimum income benefits have families as units of reference. The application is submitted by an individual who, once the benefit is awarded, is responsible for its family distribution. In consequence, all members of the family have access to the subsidy through one direct claimant/beneficiary.⁵⁶ There are several definitions of what a ‘family unit’ is and diverse degrees of lineage are taken into account. The diverse effects of these family definitions are difficult to be measured, but there are two worth mentioning: (a) definitions of a more extended type of family imply the possible inclusion of other relatives’ income; and (b) the possibility of receiving two or more subsidies in one single household.⁵⁷

In all regional schemes there is no discrimination concerning single households, although in some *Comunidades* this type of households is considered an ‘exception’ rather than a rule. As a matter of fact, single households beneficiaries form one of the most sizeable groups of beneficiaries of the regional minimum income schemes.

Regional norms also make provision concerning family formation. Requirements in this respect aim at avoiding ‘artificial’ family creation in order to qualify for minimum income benefits. Prerequisites range from 6 till 12 months for an ‘independent’ household to be eligible. In some regions such a requirement is exempted, or in the case that households are the result of family ruptures.

(c) *Age.* Most regional requirements set age limits between 25 and 65 years. Protection for citizens over 65 years rests mainly with non-contributory pensions. In this way, regional minimum income plays a subsidiary role with respect to Social Security benefits.⁵⁸ On adopting the lower age limit fixed by the French RMI (25 years),⁵⁹ it is implicitly acknowledged the supporting role of the family until the young family member is expected to be in a position of economic emancipation, i.e. he/she having entered the formal labor market and being in a position to establish his/her own family (Aguilar, Gaviria and Laparra, 1995). Implicit in the setting of this age is a certain attitude of ‘paternalistic’ reluctance towards the kind of uses that youngsters under 25 years could do with these cash benefits.

(d) *Economic resources of the beneficiaries.* In all *Comunidades Autónomas* access to the benefits is cleared once it is tested that family income is lower to the amount of the *renta mínima* to be perceived (see Table 7). In some *Comunidades Autónomas*, the basic amount is established automatically in reference to the minimum wage. In others, the amount of reference is that of the mean non-contributory pension. However, in most cases the amount is fixed in the annual budget by the regional parliament.

In those programs associated to ‘protected special employment’ (see Typology above), various options are arranged to calculate the level of the subsidy (higher, in the case of Navarre, and lower in Andalusia, Asturias, and Castilla-La Mancha).

Basic amount supplements are added for each of the family members (according to equivalence scales). In most regional programs supplements are calculated according to the number of family members with disregard to their composition (e.g. adults, minors

or disabled). Supplement amounts diminish as the number of family members increase. In some cases maximum limits have been established according to two modalities: (a) once reached a number of family members there is no further supplement; (b) an aggregate top amount is put as a limit. Let us remind that, in general, equivalence ratios are very flat (NB. Usually the amount for the second family member does not go over 30 per cent of the head of the family). Note that from the final calculated amount of *renta mínima* any available income of the family is detracted.

(e) *Means-testing.* Programs of *rentas mínimas* have different methods to take into account family income, particularly that from labor and other social benefits in order to avoid a reduction of protection, or to produce labor disincentives. Accordingly, labor income is subtracted partially in some regional programs, whereas in others an exempted amount is established. (Aragon). Concerning other low-income benefits, most *Comunidades Autónomas* subtract integrally the amount perceived as non-contributory pension by the beneficiary. Some others do it partially as concerns income from social subsidies perceived by other family members, and in order to prevent unwanted effects of family breakage (e.g. Madrid). Concerning contributory family benefits some regional programs consider them incompatible with the *renta mínima*, while others subtract them or, conversely, do not take them into account (Madrid, Catalonia). As regards those benefits targeted to cover specific needs (e.g. scholarships, transport allowances, medicine payments, emergency help, etc.) the common procedure is not to take them into account for the calculation of the amount of the minimum income benefit.

Most programs also refer to patrimonial resources. In some instances they are assessed according to its gains (e.g. Madrid or Asturias). In others, they are used as indicators of sufficient means of standard of living and, in general, are considered to be incompatible with the awarding of the *renta mínima*. In most cases the value of owned houses where beneficiaries live is not taken into account.

While in some *Comunidades Autónomas* the general criteria is to discard an strict regime of incompatibilities, in others these are established in a more contingent manner, and taking into account the type of labor activities of the claimant, the family and social benefits already perceived, and so forth.

(f) *Commitments and obligations.* All regional programs establish a number of obligations to be accomplished by the beneficiaries. Basically they refer to the commitment to use the *renta mínima* to cover basic needs of the household, to inform of any variations in the family unit, to reimburse any undue income and to apply to other subsidies to which the beneficiary may be entitled.

The aim of insertion embraced by all regional programs is articulated in some programs as a 'double entitlement' and in others as a 'counter-benefit' (*contraprestación*), or reciprocity by the beneficiary towards the community. In some schemes commitments are requested not to refuse to take up a job offer or to carry out activities, either workfare or 'social'. Other requirements include the prohibition of public begging, the compulsory schooling of children, the registration in job centers and the adoption of a 'favorable' attitude towards insertion.

- Program provision and administration

Matters concerning program management are also heterogeneous. Claimants need first to make an application in order for the process to be initiated. Usually the application is submitted at the municipal units of community care (*unidades de atención primaria de servicios sociales*), as well as at the regional offices of social services. In Catalonia some non-profit making NGOs are entitled to the management of the program. On applying claimants must produce a number of documents to support the compliance of program requirements. In some cases this first step appears to be insurmountable because of the problems of some claimants to fully understand the requested information (Serrano and Arriba, 1998).

The decision process on the applications finalizes after a fixed period of assessment (something which not always is accomplished). Since the date of submission until the actual receipt of the first payment the duration of the process oscillates from 4 to 8 months (Ayala, 2001). Program monitoring and surveillance of the obligations to be accomplished by the beneficiaries are responsibilities of the local social services.

In some *Comunidades Autónomas* the continuation of the program is simply conditional to the maintenance of the initial circumstances of the beneficiaries (e.g. Basque Country). In others, there is a maximum period of 6 months within a fiscal year. In most cases, however, the awarding of the benefit is for 6 months which can be extended to a similar period, although some regional programs do not include automatic extension.

Program managers face no little problems with means-testing. There are neither systematic data on the functioning of this access mechanism, nor on the ‘unwanted’ effects which have usually been associated with its implementation (e.g. difficulties to prove the income status of the potential beneficiary, or the level of fraud and false declarations). Based on information provided by research of a qualitative nature, it can be speculated that the lack of data concerning this mechanism is due to the uneasiness of the program managers to provide with evaluation which could jeopardized what they believe it is still a low level of popular legitimacy. Participant observation in the running of these RMIs programs has corroborated that a degree of discretionary functioning allows the program managers to ‘adapt’ the normative requirements to the needs and personal characteristics of the applicants and potential beneficiaries (Serrano and Arriba, 1998).

- Insertion activities

In the mid-1990s⁶⁰ only the Basque program was to be considered a ‘genuine’ program guaranteeing simultaneously the ‘double entitlement’ to cash benefits and insertion. In the rest of the cases both cash benefits and insertion activities appear as differentiated elements. In general, the latter is subordinated to the former in various degrees and manners. This relationship of subordination materializes with the signing of a contract by the beneficiaries.

Insertion activities are usually individualized. In many *Comunidades Autónomas* they are determined at different administrative levels of the regional systems of social services. However, in some instances participation of beneficiaries in working-out the kind of individualized activities of insertion is required.

In most cases social insertion is related to the carrying-out of activities of a productive nature. Classification of activities can be distinguished as follows (Aguilar, Gaviria and Laparra, 1995):

- Area of social services and social work; personal promotion, access to systems of social protection, eradication of begging and occupational, leisure and/or therapeutical activities.
- Area of education: further adult education and instruction for minors.
- Area of employment: orientation and motivation, professional training, workfare incentives, self-employment and social economy, social employment and insertion companies.
- Area of co-operation: community help and care for the elderly.

A good deal of these insertion activities falls into other department competencies (education, employment, health or housing). Some regional programs do not take into account --at least explicitly-- any interdepartmental co-ordination or joint committee for this purpose. In other cases, program administrators have found problems of horizontal co-ordination along the lines of what has been previously commented regarding the elaboration of the Spanish NAPSÍ.

Minimum income programs include mechanisms for specific insertion needs. Among them we refer to the so-called 'projects of insertion'. They are programs with different labels and designs which share some common features: (a) they generally seek to finance targeted non-profit organizations; (b) activities are targeted for excluded groups, usually beneficiaries of minimum income programs; and (c) insertion activities mainly include professional training and orientation to enter the labor market. Their scope is limited although their main input has been to provide with a space of collaboration with non-profit associations, to carry out intensive work with some collectives especially vulnerable and to allow for the experimentation of new forms of support to social insertion. Among them new companies of insertion have emerged which operate in the 'open market' and have employed workers with a previous record of exclusion.

Policy implementation

There have been different actors shaping policy inputs and design of the programs of *Rentas Mínimas de Inserción*. However the mesogovernments of the Spanish *Comunidades Autónomas* are to be regarded as the main protagonists in their implementation. Let us not forget that, prior to the approval by the regional parliaments, no explicit popular demand was expressed in any of the *Comunidades Autónomas* as to encourage their implementation. The institutional factor making relevant the issue of the minimum income guaranteed was precisely the constitutional entitlement for the regions to exercise their political autonomy. No reactive 'path dependency' could be referred to in this case. This fact validates the assumption that policy innovation concerning social

policies developed by sub-state communities with a ‘cosmopolitan localism’ perspective can be more effective and efficient (Moreno, 2003).

The central Ministry for Social Affairs showed no little reticence with the implementation of the regional programs of minimum income. Its main reluctance concerned arguments of poverty dependency and labor disincentives. Allegations that these new regional policies could affect territorial solidarity throughout Spain were among its criticisms (Ministerio de Asuntos Sociales, 1989). However, the then newly-created Ministry had already opted for making the generalization of the non-contributory pensions its main priority, exhausting in this ambitious program most of its political capital within the central government. The initiative taken by the *Comunidades Autónomas* left little room for the institutional maneuvering of the central Ministry, and was grounded on those constitutional provisions safeguarding regional self-government. Within this context, no action to boycott the implementation of the regional programs of minimum income was to be expected from the PSOE central Government.

Since the beginning of the process, different arguments in favor or against the implementation of the regional *Rentas Mínimas de Inserción* were neither clear nor sophisticated in their analyses (Aliena, 1991). In this respect, the ‘simplicity’ of the trend-setting arguments used by the Basque policy-makers is very illustrative:

- (i) The *Rentas Mínimas de Inserción* were to overcome social marginalization;
- (ii) No labor passivity was to be encouraged;
- (iii) EU recommendations and other European experiences, such as the French *Revenu Minimum d’Insertion*, lent support to the program;
- (iv) There was a high degree of inter-party consensus and support from various Basque civil institutions.

Probably, among the factors above mentioned, the reference to EU recommendations is of particular importance. There was constant reference to the proposals made by the European Commission encouraging the recasting of the European systems of social protection so that guaranteed income could facilitate social and labor insertion to poor and excluded citizens. This became the main line of argument for the formulation of the regional *Rentas Mínimas de Inserción*.

Subsequently, the main trade unions supported these programs. They pursued a course of action alternative to the traditional negotiation and eventual agreement at the national level. In fact, the climate of national confrontation between the central government and the trade unions induced these negotiations at the regional level. Note that, between the autumn of 1989 and the spring of 1990 all the pacts subscribed between the mesogovernments and the trade unions (CCOO and UGT) included the establishment of programs of minimum income.

In parallel, a number of NGOs (RC Church institutions, principally) committed themselves to support the *Rentas Mínimas de Inserción*, both at regional level (Caritas parish councils), but also nation-wide (Spanish Caritas). They demanded the

implementation of the programs of minimum income but did not participate in the forums where policy design was discussed (with the exception of Catalonia).

Table 8: Minimum income schemes. Main legislative dispositions

	Elaboration and implementation							Evaluation and reforms						
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Andalusia														
Aragon														
Asturias														
Balearics														
Basque Country														
Canaries														
Cantabria														
La-La Mancha														
Castile and Leon														
Catalonia														
Extremadura														
Galicia														
La Rioja														
Madrid														
Murcia														
Navarre														
Valencia														

Information about the various modalities and characteristics of the regional programs was circulated among the *Comunidades Autónomas*. Formal and *ad hoc* meetings took place in which policy-makers and experts exchanged views and opinions on different aspects of the programs to be implemented. Their main models of reference were the RMI, in France, and the ‘Program against Poverty’, in the Basque Country.

The *Comunidades Autónomas* elaborated their programs of *rentas mínimas* in various manners. In some cases, think-tanks of politicians, officials and experts within the organic structure of the regional departments of social policy prepared the pieces of legislation ‘behind-closed-doors’. In others, the process was open to the inputs made by trade unions or NGOs. However, the ultimate decision on the elaboration of the programs remained with the mesogovernments.

In the phase of actual implementation of the programs, the *Comunidades Autónomas* had to establish institutional agreements with the local authorities within their territories. The latter were to be the executive cornerstone in the programs’ design. Such agreements, however, brought about some delays in the implementation of the program due to discrepancies stemming from the often different political coloring of the local and regional administrations involved. This was evident in the case of large cities such as Barcelona controlled by the Left, but with a Center-right nationalist coalition at the *Generalitat* government, or Madrid, with a Right-to-center City Hall and a Left regional

administration. 'Pretexts' for conflict and institutional warfare referred in most cases to problems of financing, as well as to the lack of infrastructure of social centers for primary assistance and community care.

In the process of policy implementation others criticisms were put forward by the social workers and program managers. Their initial attitude was one of general consent. Complaints on the excessive paperwork and bureaucratic burden were soon expressed. Likewise, the insufficient material infrastructure for the managing of the *Rentas Mínimas de Inserción* was also criticized. Moreover, the universalistic approach of the social services during the 1980s was confronted with the targeting criteria towards the needy put forward by the programs of minimum income.

The process of policy implementation also confirmed the institutional leadership of the mesogovernments as main actors in the development of the *Rentas Mínimas de Inserción*. This factor was independent, in many cases, of partisan alignments. Let us remember, for instance, that the Socialists were in a government coalition with the Nationalists of the PNV in the Basque Country. They supported the first implemented *Renta Mínima* despite the reluctance of the Socialist Minister for Social Affairs. A similar situation took place in the region of Madrid. Thus, no consistent patterns of ideological standings are to be deduced from the political behavior of the party organizations in the various institutional arenas of their participation.

The *Comunidades Autónomas* have followed patterns of mobilization rooted on a self-perceived 'comparative grievance': no region wants to be left behind. These perceptions have interacted in a conflictive manner with the 'differential fact' claimed by the Spanish 'historical nationalities': Basque Country, Catalonia and Galicia. These are more interested in maintaining a 'differentiated' degree of home rule as compared with the rest of the Spanish *Comunidades Autónomas*. The combination of these processes has resulted in a *de facto* policy equalization and in an incentive for policy innovation in those Spanish regions which have been traditionally lagging behind the 'modernized' ones.

Assessment of impacts

Unsystematic data on regional minimum income is an obstacle to know in depth the impacts of these programs in each and everyone of the *Comunidades Autónomas*. However, in recent years the central General Directorate for Social Action has been collecting series of basic data (benefits, amounts and budgets) from which we can have a picture of the general situation (see Tables 4.9 and 4.10).⁶¹

Information about basic amount for the calculation of minima benefits is a good indicator about the protecting intensity of the various regional programs. As reproduced in Table 7, basic amounts for the year 2000 oscillated between a monthly payment of 238.9 € in the Canary Islands and 318.6 € in Extremadura and Navarre. This corresponded to 48.2 per cent and 64.3 per cent of the legal minimum wage, respectively. As percentage of the legal minimum wage, variations range from 48.2 per cent to 64.3 per cent, and from 82.9 per cent to 110.6 per cent, as percentage of the

mean non-contributory pension of the Social Security (these are prorated gross percentages according to monthly payments).

All programs offered lower amounts to support a life-style which could be financed were beneficiaries to be in the formal labor market earning the minimum wage, and had a rather similar level of protection as that provided by the contributory Social Security. In general such amounts do not reflect wide regional disparities, although in order to assess the real protecting intensity family and other supplements awarded to cover specific needs should also be taken into account, as is the case of the Basque Country (Sanzo, 2002).

Likewise, the total number of households that received minima benefits in the year 2000 provides a good indicator of coverage.⁶² This indicator shows a greater degree of disparities: while in the Basque Country benefits were received by 2.64 per cent of the total Basque households, percentages of between 1 per cent and 1.5 per cent corresponded to Canary Islands, Cantabria, Murcia and Navarre, and the rest of the *Comunidades Autónomas* hardly reached 1 per cent of all households.

Expenditure figures are also a good measure to assess both regional effort and generosity in financing these programs. Once again, the special fiscal arrangement in the Basque Country allowed this *Comunidad Autónoma* to afford up to 1.03 per cent (53,2 million €) in its 2000 Budget for funding the minimum income program. A group of regions including Andalusia, Catalonia and Madrid also devote sizeable amount to these programs. In some others, however, the budgetary effort is rather modest: 0.9 per cent in the case of Asturias and no more than 0.1 per cent in regions such as Murcia or La Rioja

Tables 4.9 and 4.10 reproduced expenditure patterns and number of beneficiaries in the second half of the 1990s. If we compare figures through this period a sustained increase is noticeable. On observing annual modifications, however, it cannot be inferred a general pattern of change for all of them. Figures of expenditure flows and number of beneficiaries do not show a common pattern either. (e.g. Basque Country and Murcia). Some authors have contrasted these changes with relation to employment rates, demographic transitions and institutional variations regarding these programs (Ayala, 2001).

Variations concerning institutional and political inputs are the ones which most condition programs' output and outcomes. Throughout the 1990s a process of adjustment and consolidation for most programs took place, which was also subject to political volatility. Programs were implemented for reasons of legitimacy by the new mesogovernments in the general process of decentralization in Spain. In the future they could also suffer from a certain degree of discretionary politics.

Comparisons between programs must be carried out according to commensurable criteria. On contrasting the impacts made by regional minimum income programs those territorial imbalances and disparities prior to their implementation are to be taken into account in the first place. Any evaluative exercise must consider the departing situation of the regions regarding their relative positions concerning poverty and wealth, citizens'

purchasing power and spending capacities. In particular, the maintenance or otherwise of traditional practices of family micro-solidarity is to be regarded as a fundamental indicator in the fight against poverty in Mediterranean Spain.

Table 9: Evolution of the regional expenditure on minimum income schemes

Autonomous Communities	Actual spending (million of €)				
	1996	1997	1998	1999	2000
Andalusia	24.431	11.756	17.760	17.760	27.532
Aragon	2.885	2.843	2.614	2.560	2.596
Asturias	8.072	9.129	9.857	9.568	10.632
Balearics	--	-	1.587	0.974	1.082
Basque Country	41.320	42.437	42.197	44.817	53.238
Canaries	7.212	6.653	6.888	8.186	8.024
Cantabria	0.445	1.833	2.831	3.780	3.456
La-La Mancha	4.375	2.416	2.777	2.476	1.947
Castile and Leon	8.132	8.198	8.114	8.468	8.763
Catalonia	25.531	30.297	34.143	34.143	36.632
Extremadura	1.262	908	3.666	2.386	3.119
Galicia	9.604	10.578	11.696	13.150	12.699
Rioja	0.319	0.343	0.379	0.325	0.337
Madrid	20.777	22.832	24.936	24.966	24.912
Murcia	1.346	1.160	1.004	0.962	0.950
Navarre	2.458	2.747	3.005	3.486	4.075
Valencia	6.924	7.633	9.226	10.115	10.019
Total	165.092	161.762	182.678	188.123	210.012

Sources: Elaboration from data provided by the *Dirección General de Acción Social, del Menor y de la Familia* (Spanish Ministry of Labour and Social Affairs)).

Note: Budget expenditure amount corresponds to the expenditure of the minimum income payments, except for Asturias which also includes social wage expenditure and training

The *Comunidades Autónomas* –and their mesogovernments-- have benefited in terms of political legitimization as a consequence of the implementation of the *Rentas Mínimas de Inserción*. Programs' visibility was maximized by the fact that, in the beginning of the process of implementation, the financial implications of new minimum income schemes were not too dear for the regional treasuries. Besides, a clear message of policy innovation and political *aggiornamento* underlined their dynamic commitment to carry out the weaving of 'safety nets' of social protection in Spain. However, It remains to be seen whether these programs will continue to be a priority for the regions. The

Comunidades Autónomas may face a not-too-distant future situation of either requesting co-funding from the central government or containing the coverage scope of their benefits.

Table 10: Evolution of beneficiaries on minimum income schemes (households)

	Number of households				
	1996	1997	1998	1999	2000
Andalusia	10,603	7,907	7,284	9,914	15,962
Aragon	1,112	951	793	968	1,396
Asturias	1,511	1,761	1,067	1,022	1,512
Balearics			758	604	570
Basque Country	16,052	16,472	16,190	15,804	16,550
Canaries	3,096	3,153	5,690	6,689	5,358
Cantabria	490	320	1491	2,173	2,340
Castille-La Mancha	2,116	1,619	1,027	920	813
Castille and Leon	3,306	3,052	2,957	2,937	2,814
Catalonia	8,372	9,678	9,677	9,672	9,726
Extremadura	671	443	2365	946	1,351
Galicia	5,003	5,353	5,647	4,292	4,156
Madrid	7,815	7,878	8,934	8,304	7,855
Murcia	532	571	379	327	3,478
Navarre	1,503	1,646	1,770	1,264	1,820
Rioja	282	266	233	197	179
Valencia	3,713	2,644	4,404	3,470	2,565
TOTAL	66,177	63,714	70,666	69,503	78,445

Source: Elaboration from data provided by the General Directorate for Social Action, Minors and Family (*Dirección General de Acción Social, del Menor y de la Familia*).

Note: The number of households in the Programme corresponds to the number of households with access to minimum income schemes except for Asturias which also includes social employment expenditure and training and Andalusia (year 1996) which includes training.

All things considered, the impact of these *ab novo* programs of minimum income has had a dramatic effect in the debate about the completion of a ‘safety net’ in Spain. According to estimates provided by the Ministry of Labor and Social Affairs, in 2000 there were 202,221 beneficiaries in the whole of Spain including dependent family members (around 0,5 per cent of the Spanish population) (MTAS, 2001b).

In all future scenarios, the action by the regional and local government will be of decisive importance for the sustainability of the system of social protection in Spain and, in particular, for the maintenance of effective programs against poverty and social exclusion. Indeed, the three-layer institutional interplay is a structuring variable, which pre-determines to a great extent the diverse nature of welfare outcomes in contemporary Spain.

CONCLUSION

The public 'safety net' in Spain is fragmented and compounded mainly by national and regional benefits for the needy. The contributory realm is the main source of income for poor and excluded beneficiaries. But social assistance has gained in importance in the last decades. Despite its fragmentation, an organizing rationale can be identified concerning the whole of policies tackling poverty and exclusion in Spain. Of particular interest is the proactive approach taken by the Spanish regions, or *Comunidades Autónomas*, in the implementation of new benefits for low-income citizens.

Regions in Spain have fully exercised their constitutional right to home rule in the general framework of European subsidiarity. The role played by the Spanish mesogovernments of the *Comunidades Autónomas* in the construction of public 'safety nets' has been crucial in terms of policy innovation, and could be used as reference for developments in other Southern European countries.

Nevertheless, future scenarios for the regional programs are uncertain. If it is true that the mesogovernments have been able to integrate social services and social assistance policies into a common regionally-based network of provision, the lack of financial resources and the ever-latent risk of exacerbating inter-regional inequalities in welfare provision is to be underlined. Up until now, the 'mimesis effect' among the *Comunidades Autónomas* has proved to be an effective barrier against open discrimination amongst them, and a very effective *de facto* equalizer of policy output.

Outcomes of regional policies in the fight against poverty and social exclusion need, in any case, to be assessed on a medium-term perspective. Longer time-series for analyses are, thus, required to validate the Spanish case of welfare decentralization. The one lesson to be drawn from the Spanish experience is the attempt to make effective both principles of Europeanization: territorial subsidiarity and democratic accountability.⁶³

Despite its institutional demotion (from an institutional status as independent Ministry of Social Affairs to an integrated part of a larger Ministry of Labor and Social Affairs), ministerial central officials dealing with poverty and social exclusion matters took the initiative in the co-ordination of the workings for establishing the 2001-03 Spanish NAPS (National Action Plan for Social Inclusion). Problems about its eventual implementation concerned mainly its financing. All participants involved in the formulation of the Plan put its wholehearted support behind it. However, it was not clear whether the central government would manage the contribution of 'fresh' funds to accomplish the estimated increases at rate of an annual 8 per cent.

Some doubts have been cast on whether the role of the Spanish central government would be merely that of coordinating the aggregation of funds already devoted by public and private institutions (profit and non-profit) to promote social inclusion. Let us remind that in federalized Spain the task of bringing together a wide range of governmental and societal stakeholders cannot be simply achieved by displaying a central, top-down, hierarchical harmonization of programs nation-wide. However, the very existence of the NAPS can be assessed as an important attempt for

intergovernmental co-ordination as it provides the very first synthetic overview of the fight against social exclusion in Spain.

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NOTES

¹ This chapter is based in previous texts elaborated by both authors during the research activities carried out for the European project, FIPOSC (*Fighting Poverty and Social Exclusion in Southern Europe*, Research Directorate General, European Commission, HPSE-CT-2001-60020). The authors express their gratitude to Teresa Buil for her assistance in data collection and the gathering of diverse materials necessary for the elaboration of this chapter. We also thank the Spanish Secretary of State for Education and Universities (PR2002-0200) and the Region of Madrid (*Dirección General de Investigación de la Consejería de Educación, Programa de Becas Posdoctorales*) for financial support.

² These ‘superwomen’ have been able to reconcile demanding unpaid caring work in the household and her increasing professional activities in the paid labor market. Cohorts of women in the age group 40-64 are, *grosso modo*, representatives of this type of ‘superwoman’. For an analysis of the case of Spain, cf. Moreno (2004).

³ In 1995, 62 per cent of Spaniards were of the opinion that ‘The State is responsible of the welfare of each and every one of the Spanish citizens and has the duty to help them to solve their problems’, as compared to 15 per cent who considered that ‘The State is only responsible for the welfare of the least-favored citizens and has the duty to help them to solve their problems’, and 16 per cent that ‘The citizens are responsible themselves for their own well-being and have the duty to sort out their own problems’. Such percentages have similar throughout the 1990s (Del Pino, 2001).

⁴ Note that social services were already a domain for private intervention. The new scenario is precisely the building of public networks within which the third sector plays a subsidiary --in many cases publicly subsidized-- role.

⁵ Note that regional expenditure has increased its share in the total Spanish public spending from 3 per cent in 1981 to as much as 33 per cent in 2000 (MAP, 1997).

⁶ However, municipalities were the single institutions which received most requests for help by poor families in all four types of poverty, as defined according to income percentages regarding the average national disposable income (extreme, lower than 15 per cent; grave, between 16 per cent and 25 per cent; moderate, from 26 per cent to 35 per cent; precarious, between 36 and 50 per cent). The corresponding figures in 1994-96 were, respectively, 33 per cent, 31.3 per cent, 35.5 per cent, and 39.5 per cent of the total (Rodríguez-Cabrero, 1998).

⁷ Or NAP/incl., as expressed in documents of the European Commission.

⁸ Health services were delivered by both public and private institutions in agreement with the social security system. This latter arrangement secured the incomes of medical doctors, who in most cases also worked in the private sector. The pharmaceutical industry profited abundantly as well. In turn, the quality of the public health service was very poor (Moreno and Sarasa, 1993).

⁹ With the implementation of the 1959 Stabilization Plan public expenditure was reduced,

the Peseta currency was devaluated, and investment controls were relaxed. Foreign holdings of up to 50 per cent in Spanish companies were permitted. The results of the *desarrollismo* were impressive, with GDP growing by an annual 7 per cent between 1960 and 1974.

¹⁰ Responsibilities in the provision of social services for municipalities of more than 20,000 inhabitants had already been established by the Basic Law for Local Government passed by the Spanish Parliament in 1982.

¹¹ The Ministry was formed by the General Directorate of Social Action, the INSERSO, and the Institutes for the Women and the Youth, and the Board for the Education and Care of the Disabled. It took also the responsibility of supervising the activities of NGOs, such as the Red Cross, the Blinds' Organization, and other non-profit private charities.

¹² The Basque government did not join this general agreement because it did not accept categorical financing.

¹³ However the legal minimum wage decreased from 77.5 per cent of the per capita GDP, in 1980, to 52.4 per cent, in 1992. Note that ten years later, the minimum wage (*Salario Mínimo Interprofesional*) in Spain was fixed at 516 €per month, the third lowest in Europe. However, as compared with other EU countries, the number of workers with a minimum wage was very small, around 2 per cent or 165,000 employees.

¹⁴ Following its parliamentary approval, on October 9, 1996 the main Trade Unions (CCOO and UGT) and the Government signed the 'Agreement for the Consolidation and Rationalization of the Social Security System' (*Acuerdo Consolidación y Racionalización del Sistema de Seguridad Social*). The Law 24/1997 on 'Consolidation and Rationalization of the Social Security' (*Ley de Consolidación y Racionalización de la Seguridad Social*) was based on the previous 'Proposal' and 'Agreement'. The Trade Unions had given their consent until 2000. In April 2001 a new 'Agreement for the Improvement and Development of the System of Social Protection' was signed among Government, Employers' Associations (CEOE and CEPYME), and CCOO. The other main Trade Union, UGT, disagreed with some of the contents of the text and refused to sign.

¹⁵ The process of separating the sources of financing was not fully achieved during the period 1997-2002, although the patterns for both contributory and non-contributory realms of social spending were delimited. As a result of the gradual separation of the sources, budget surpluses in the contributory social security system (social insurance) have been achieved since 1999. These surpluses have been put into a Reserve Fund and are earmarked to cover any possible financing shortages in the future, as well as to strengthen the long-term viability of the 'pay-as-you-go' public pension system. Fund's moneys amounted to 8b billion Euros on July 4, 2003 (Rodríguez-Cabrero, Arriba and Marbán, 2003).

¹⁶ In April 2002, the Government made public its proposals to reform unemployment provisions, which have been highly contested by the trade unions and the opposition parties. Among other conditions, the proposals were set to require beneficiaries to accept jobs distant up to 50 kilometers from his/her place of residence. Likewise, beneficiaries would lose their right to the benefit after refusing for the third time to take on a job offered to him/her considered as suitable by the state employment or manpower office (INEM).

¹⁷ Law 12/2001 makes provisions for tax breaks in social contributions to newly hired employees in needy situations (e.g. beneficiaries of minimum income schemes). It also awards status of insertion companies, alongside some fiscal privileges, to those hiring low-income workers. Note that despite the support provided by social agents to the establishment of these 'productive' businesses, no legal provisions have so far been implemented to regulate their activities.

¹⁸ As pointed out by Ruíz-Huerta, Martínez and Ayala (2000), the *Mínimo* was partially 'original' as there were previous fiscal schemes which had also taken into consideration non-taxable income minima. However it was innovative as a mechanism for the evaluation of the resources that the various types of households required to cover their basic needs. Analogies between the *Minimo* and the poverty threshold are evident.

¹⁹ These policies have a markedly pro-natalist orientation and are reactive to the very low birth rate in Spain and the increasing participation of women in the labour market.

²⁰ At current, and further to the deductions related to the *Mínimo Personal y Familiar*, other tax breaks are available for working mothers with children under 3 years of years. However, discounts for school material for children between 3 and 15 years have been phased out.

²¹ Articulated not only by nationalist and regionalist parties, but also by the increasingly important regional and federated branches of the main Spanish political formations (PP, PSOE, and IU) (Arriba, 1999). Internal processes of power accommodation within the Spanish parties have also greatly contributed to the internalization by Spaniards of the federalization of politics and policy-making (Moreno, 2001b).

²² Three main 'basic surveys' were carried out in 1973/74, 1980/81 y 1990/91 with samples of more than 20,000 households. Since 1985 the Continuous Survey on Family Accounts (*Encuesta Continua de Presupuestos Familiares*, ECPF), has been carried out as a three-month survey with a smaller sample: out of the number of 3,200 households, one eighth of them are renewed every term. In 1997, the ECPF sample increased up to 8,000 households and the main 'basic surveys' were discarded. Note that the assessment of the data produced by the 'basic surveys' was conditioned by the lack of periodicity: results were representative of the period when they had been produced but they could not provide information on time changes and the dynamics of inequalities. With the implementation of the ECPF surveys this problem of periodicity was partially solved. But the ECPF surveys have provided with a lesser degree of information and, thus, reliability. This is due to their smaller samples and to the impossibility of

disaggregating information territorially. This latter problem was somewhat mended with an increase in the size of the sample in 1997. Another problem faced by the EPF, as in other surveys of this kind, is the ‘underestimation’ of monetary data, in particular those referring to income. To all these problems one further shortcoming should be added: the delay in the publication of the ECPF micro data, which has so far rendered very difficult the elaboration of assessment studies and further research on poverty based on these data sources (Ruiz-Huerta y Martínez, 2000).

²³ This is a fixed panel of 8,000 Spanish households (70,000 EU-wide), which provides longitudinal information from 1994 to 2000. The research design reduces considerably the ‘underestimation’ problems concerning income data. It also collects information relevant for studies on poverty of a multi-dimension nature, as well as data on education and employment which may feasible the consideration of explanatory and interpretative factors. However, among its shortcomings two can be pointed out: (a) the lack of information on non-monetary income and on consumption patterns; (b) the sample size make it impossible the working out of reliable estimations at regional level (as it happens with the case of the ECPF). The ECPH started in 1994 but the produced data were published with a substantial delay.

²⁴ The first of these was carried out at the beginning of the 1980s. Between 1994 and 1997, provincial surveys were also done and their results were analyzed at both provincial and national levels. A main shortcoming of these surveys concerns the selection of the sample (which is made by means of a ‘filter’ question on family income carried out in a personal interview in the respondent household).

²⁵ Comparisons between the results provided by the various sources have to be carefully established due to commensurability problems. Caution is also advisable in the analyses of the differences produced within each source because of the error margins of these surveys.

²⁶ As the FOESSA Reports, which have been carried out under the auspices by Caritas (1967, 1970, 1975, 1983).

²⁷ Considering the threshold of 50 per cent of mean equivalised income, poverty rate for 1973-74 according to EPF was around 20 per cent of the total population. For the threshold of 25 per cent, the poverty rate was slightly higher that 4 per cent (Ayala and Renes, 1998).

²⁸ Accordingly, ECPF data in 1998 established poverty rate in Spain (population under the 50 per cent of the mean equivalised income) around 12 per cent (Ayala, Ruíz-Huerta, Martínez and Sastre, 2002).

²⁹ Most of the members of this group are people over 65 years of age.

³⁰ Let us remind that the use of OECD equivalence scales tends to ‘inflate’ poverty rates as the size of households also increases.

³¹ For an analysis of the effects on poverty and inequality produced by an accumulation of the different sources of income (employment, capital, contributory benefits, assistance benefits and private assistance), see Carabaña and Salido (2001).

³² The poverty gap index (FGT1) is the income shortage of the poor with reference to the poverty line. It can be interpreted as the amount needed to be transferred to the poor so that their resulting income can reach the poverty line.

³³ Note that access to these benefits is only possible if there has been a previous contributory trajectory of the beneficiary, despite the possibility that this might have been insufficient to sustain the entitlement.

³⁴ Unemployment reform proposals put forward by the Spanish Government in the year 2002 also included the gradual disappearance of the Agrarian subsidies (PER-REASS), and its substitution by a contributory regime for all eventual agrarian laborers similar to the general provisions for the unemployed.

³⁵ Note that minimum wage amounts (*salario mínimo interprofesional*) are referred to full-time jobs. In the case of some regional minimum income programs, and due to added amounts as family supplements, the total benefit amount can be higher than that of the minimum wage.

³⁶ This is to be understood as the income of the household, or common unit of residence.

³⁷ Data in this section has been collected from the Spanish NAPSIs, *Planes Nacionales para la Inclusión del Reino de España 2001-2003 y 2003-2005* (MTAS, 2001a; 2003), as well as information provided *viva voce* in interviews made to two members of the Plan Secretariat in February, 2002. We are grateful for their collaboration.

³⁸ Five officials of the General Sub-Directorate of Programs of Social Services carried out activities of the Plan Secretariat. Neither extra budgetary provision was made available to the Secretariat, nor were officials from other governmental bodies involved in the workings. Nothing can be compared to the resources devoted in other similar processes, such as those related to Employment Plans. Let us say that some external support was hired for the processing of data and information.

³⁹ See Appendix III, MTAS 2001a, 2003.

⁴⁰ The Spanish Economic and Social Council has the status of a government advisory body, which allows for the economic and social partners to participate in economic and social policy decision-making. The Council must issue a mandatory opinion on preliminary drafts of State Acts and draft Royal Statutory Instruments regulating socio-economic and labour issues, as well as draft Royal Decrees considered to be of special importance by the Government. Additionally, it performs an important job in promoting dialogue, which leads organizations that legitimately defend clearly distinct interests to find common points and share growing spheres of opinion.

⁴¹ The support from the NGOs was channeled through the Spanish Council of Institutions for Social Action (*Consejo Estatal de Entidades de Acción Social*, which was established on February 19, 2001). Let us remember that those organizations usually participate in programs financed by general taxation regarding projects of social action. They are funded with 0.5 per cent of those income tax payments so explicitly targeted by taxpayers in their annual income tax statements (the other option is to transfer such moneys to the RC Catholic Church). In the year 1998, 89.9 million € were collected under this 0.5 per cent entry, an amount which is an important source of funding for many of these non-profit organizations.

⁴² Included the Spanish Ombudsman Office (*Defensor del Pueblo*).

⁴³ A workfare priority already included in the Spanish National Action Plan for Employment was labour activation for socially excluded groups. The Employment Plan regarded the implementation of specific policies to facilitate insertion in the labour market.

⁴⁴ Many actions and measures are reproduced under different sections. For instance, mention to Apprenticeship Programs (*Escuelas Taller y Casas de Oficios*) are in multiple epigraphs within the Annex of the evaluation document.

⁴⁵ Among the innovations, the 2003-05 Plan incorporates as a strategic aim the achievement of a quantitative decrease in the poverty rate. New measures, as those related to justice matters and the involvement of the targeted groups are also taken into account, together with trend analyses and a selection of benchmarking cases.

⁴⁶ Yet again, the problems affecting data sources on poverty and inequality in Spain are to be underlined. Consistent sources and databases would be useful to design indicators for consistent evaluation. Until 1999, data provided by the European Community Household Panel was somewhat covering the insufficiencies already mention in the previous section of this chapter.

⁴⁷ These Plans incorporate as core policy instruments the regional minimum income schemes for insertion (*Rentas Mínimas de Inserción*).

⁴⁸ Once again, the importance of the decentralized structure of the Spanish 'State of Autonomies' (*Estado de las Autonomías*) is to be underlined. As a consequence of the regional responsibilities on social assistance and social services matters, the Spanish NAPSÍ locates the main responsibility for the fight against exclusion at the regional level and, in so doing, action is somewhat dependent on the action developed by the TAPSIs.

⁴⁹ Caritas produced a comprehensive Plan proposal (Cáritas, 2001). This document was highly critical towards the existing policies of social inclusion in Spain, but many of its proposals were incorporated into the final version of the Spanish NAPSÍ. This lack of comprehensive proposals by the Spanish government greatly explains why ONGs such as Caritas took a leading role in the elaboration of the Plan (Razón y Fé, 2001).

⁵⁰ In some cases it can be deduced from the measures put forward by the latest NAPI: the achievement of an intergovernmental agreement for a common scheme of minimum income guaranteed indicates still appears as an important ‘pending matter’.

⁵¹ The identification of these citizens is not an easy task concerning the ambivalence in the concept of social exclusion.

⁵² Although not all the contributions of these associations were incorporated into the document of evaluation of the NAPI.

⁵³ For instance, the counting of households that can have access to the RMIs programs and the program activities taken into account (e.g. insertion activities, benefits for specific needs or workfare programs) may show dissimilarities.

⁵⁴ Results differ from the data reproduced in Table 6, which was elaborated from detailed analyses not only of the legislative and budgetary provisions of each program, but also of implementation and functioning arrangements. Differences between these two kinds of data mainly relate to: (a) The relative ‘weight’ of complementary benefits according to family size in the protection intensity; (b) differences in the regional poverty rates in order to assess program coverage and ‘generosity’; and (c) the legal restrictions and the discretionary levels and budgetary limits.

⁵⁵ According to 1995 data, the mean non-financial per capita autonomous spending carried out by Catalonia and Galicia was Euro 1,373, which compared to Euro 2,509 in the Basque Country.

⁵⁶ In practice, this procedure is rather problematic. On the one hand, the legal beneficiary can make an abusive and personal use of the benefit. On the other, the beneficiary could also be overburdened with insertion obligations signed on accepting the subsidy (NB. In many cases he/she is the only one having contacts with the responsible social workers). In some qualitative studies it has been noted that contacts with social workers is mainly carried out by a woman of the family, despite the fact that the entitlement is generally awarded to ‘the man of the family’. In the particular case of Aragon, the entitlement can be shared and the cash benefits can accordingly be divided between adult members of the family. Problems of a practical nature and ‘perverse’ effects in the implementation of these programs have been sorted out in many cases in a contingent manner (Serrano and Arriba, 1998).

⁵⁷ This is the case, for instance, of some extended families with elderly members entitled to old-age pensions. *Ad hoc* adjustments in these cases have been made together with a certain relaxation of legal requirements.

⁵⁸ Note that, despite their non-contributory nature, the Social Security is responsible for the payment of these pensions. Main problems associated to such age limits are: (a) amounts provided by non-contributory pensions can be lower than that of *rentas mínimas*; and (b) non-contributory benefits of citizens over 65 years of age with

dependent family members may be clearly insufficient.

⁵⁹ Exception made of those cases of under 25-year-of-age beneficiaries with dependent family members who are included.

⁶⁰ Some later reforms have aimed at achieving a minimum income scheme in *sensu strictu*, with no direct linkage to insertion, very much along the lines of late developments of the French RMI.

⁶¹ Data reproduced was directly facilitated to the General Directorate by the *Comunidades Autónomas*. We should point out that interpretations about these data must be carried out cautiously because if in some cases they refer genuinely to minimum income, in some others (e.g. Andalusia and Asturias) they include desegregate figures corresponding to benefits for socially protected employment or for financing insertion projects. In some other cases figures add up the aggregate number of all beneficiaries who have joined the program in a year (e.g. Basque Country), but other programs take into account the number of beneficiaries in a given month (e.g. Madrid).

⁶² Current data on their incidence on regional poverty rates are not available, something which have prevented us to calculate coverage rates of the targeted population. Further to this, data of the General Directorate for Social Action on minimum income beneficiaries are based on estimations. Consequently, the option taken has been to calculate coverage rates of households in the *Comunidades Autónomas*.

⁶³ Let us remind that according to the own views of the European Commission, the new European governance is not considered the ‘exclusive’ responsibility of European Union institutions. Neither national governments nor national parliaments are regarded as being the sole actors of European governance. Local authorities and the regions are regarded as decisive emerging actors (Commission, 2000).