Chapter 4   Multilevel Citizens, New Social Risks and Regional Welfare

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Introduction: Transnationalization and Subsidiarization

Welfare states in the post-WWII period have often deployed a centralized mode of policy-making, which has tended to make equality and homogenization synonymous notions. According to this view, citizens' social entitlements ought to be provided in a unitary --and generally centralized-- administration of public services. In recent times, the centrality of the nation-state as the champion for the development of the modern systems of social protection has given way to a situation where both the supra-state and the sub-state welfare inputs are increasingly important in welfare development.

Transnationalization has brought about the gradual decline of the role of the nation state as "sovereign" actor in social policy-making. In parallel, sub-state political communities have reinforced their claims for subsidiarization in welfare provision. Both processes of transnationalization and subsidiarization have questioned the centralized "command-and-control" action of nation-states by putting forward the idea of territorially differentiated packages of public and social policies.

Both processes of continental integration --such as Europeanization-- and decentralization of powers imply that policies are to be shaped by considerations beyond the national interests of the single states. Arguably, an era of national centralization has been followed by a period of decentralization in the advanced democracies of welfare capitalism (Marks et al 2008).[1] In this chapter, references to the situation in the European Union illustrate such processes under way.

The consolidation of Marshall's third cycle of social citizenship[2] was meant to be achieved in the fourth phase of the *system-building* of Europe.[3] This is in the process of institutional structuring and territorial adjustment within multi-layered EU (Bartolini 2005). In fact, the unfolding of structures of governance at a supranational European level is taking place through multilevel interactions. These interactions have mainly affected actors, regulatory powers and policy networks whose operations were traditionally confined to the national state arenas. More than half of the legislation affecting Europeans' lives is already EU's. As a political framework, the European Union is a compound of policy processes, which conditions in no little measure the formal sovereignty of the member states (Piattoni 2010).

However, the state formation of the United States of Europe cannot be envisaged as the necessary end-result of Europeanization. The neo-functionalist school of thought has generally adopted the view that universal progress requires integration, which is made equal to cultural assimilation and to over-reaching identity formation, along the lines of the American "melting-pot", or the multicultural "salad bowl". Alternatively, the establishment of common European rules may be regarded as the result of accommodating the long-standing history and cultural diversity within the mosaic of peoples in the Old Continent. In this respect, multilevel citizenship is a key notion to be fully internalized by Europeans (Berg 2007).

Claims for the territorial subsidiarization of public policies have been put forward not only by stateless nations within plural and compound states, but also by regions and municipalities. Meso-governments and local authorities often feel that they do not need *par force* the rationalizing intervention of central bureaucracies and elites in the exercise of their autonomy and political initiatives. Additionally, sub-state political communities enjoy economic and political

security offered by the supra-national, such as the European Union, in a post-sovereignty era of progressive transnationalization (Keating 2001; Moreno and McEwen 2005).

Subsidiarization provides for decisions to be taken supra-nationally only if local, regional or national levels cannot perform better. In other words, the preferred locus for decision-making is as decentralized and closer to the citizen as possible.[4] Political elites of the member states, reluctant to further the process of transnationalization, have stubbornly interpreted the subsidiarity principle as a safeguard for the preservation of their power to intervene centrally within their state arenas. They have insisted in placing the bottom-line of subsidiarity at the level of the member-state, no further below.[5]

This chapter elaborates on the idea of multilevel citizenship as a compound of collective attachments which favours supra-national legitimacy and sub-state democratic accountability in the implementation of social policies. The main focus of analysis is on the latter process. Likewise, attention is paid on the aspirations of regions and sub-state layers of governance to advance social citizenship. In the following section a brief conceptual review is carried out concerning the various citizens' attachments in multilevel and transnational institutional settings. Subsequently, the impact of the so-called "new social risks" (NSR) are analyzed pondering sub-state possibilities of welfare development and the advancement of social citizenship. To meet such aspirations, financial autonomy is discussed in the following section as a key resource for policy innovation together with the concomitants issues of redistribution and solidarity. The concluding section of the paper puts forward the idea that the advancement of social citizenship in Europe may be best achieved if the virtuous circle of emulation is encouraged among and within member states (policy learning and transfer, "soft" regulation, "benchmarking", or "best practices").

Citizens' Identities, Compound Civility and Social Policy

More often than not, the concepts of state and nation have been made synonymous by modernity. At the end of the twentieth century, however, they were congruent only in dozen of nation states (Hobsbawm 1996). Multinational states are generally composed of various political communities. The latter are to be understood as groups constituted by all the individuals ruled and represented by the structures of a political system, whether national or regional (Easton 1965). In a situation of multilevel governance, political communities can exist from the local to the supra-national level, disregarding the formal requirements of sovereignty (Hooghe and Marks 2001; Loughlin 2007).

Fostering identification by the nation-state among their subjects has continued to be regarded as the *sine qua non* condition for the establishment of citizenship status. At the beginning of the twenty-first century, exclusive national state identities are, nonetheless, openly questioned and have become problematic. While being corroded by the forces of globalization they are also subject to fragmentation, competition and overlapping elements of a multiple and diverse nature, particularly in polities of a multiple and plural composition. In some instances, as is the case of the EU, citizenship of the Union is meant to complement and to not replace national citizenship. As a result, there is a noticeable strengthening of sub- and supra-state identities (Moreno 1999). Already in the 1990s, little more that a third of the surveyed population (*World Survey Values*) considered the nation-state identity as most important, while one in two respondents thought it was the local or regional (Norris 2000).

Autonomy, devolution or federalization seek to accommodate a response to the *stimuli* of the diversity or plurality of the polities involved. These may comprise regional political communities with differences of identity, history, language or traditions, which are often reflected in different party systems, channels of elites' representation or interests' articulation. Since the mid-1980s, a great deal of survey evidence on the "Moreno question" has shown congruence in various

degrees and manners between identity attachments to both state and sub-state levels. Dual and multiple identities reflect those processes by which citizens express shared loyalties and political aspirations through the various level of adscription. The emphasis on territorial identities and polities showing a significant degree of internal diversity ought not to be placed merely on distinctiveness, but also on those relationships of democracy, interaction and cooperation (Linz 1997; Gagnon and Tully 2001; Moreno 2005).

In the case of the European Union, citizenship can be seen as being the product of nested identities formed at the various contextual levels of citizens' political attachments (supra-state, state, sub-state) (Faist 2001; Díez Medrano and Gutiérrez 2003; Bruter 2005). Those multiple identities expressed by Europeans are inserted in a variable continuum of territorial belongings and affinities grounded in values of human rights and solidarity. Both civil and political rights are being increasingly accomplished at the regional level of EU's member states. As it could no be otherwise, the exercise of civil and political rights has "spilt over" into social citizenship at the regional level (Jeffery 2009)

Accordingly, Europeans' civic culture can be conceptualized as one of 'compound civility',[6] in which policy provision is in tune with welfare institutional arrangements of a diverse functional and territorial nature. Compound civility may incorporate not only multiple memberships to European nations (state or stateless) and regions, but it also integrates a common baseline -- mixed and cross-bred in many instances-- which conforms the axiology of the European Social Model. The ESM appears as a common value-system, which makes solidarity possible and legitimizes the re-distribution of resources and vital opportunities characteristic of European welfare systems.[7]

During the twentieth century the welfare state -- a European "invention"-- embodied institutionally the values of equality and compassion in the Old Continent. However, the question on whether social justice and solidarity are possible beyond the nation state remains open. It is argued that local identities and group cultures may act as restraints to the solidarity of the national welfare states. To these allegations others views --also formulated from the democratic theory-- counterargument that collective identity continues to be a pre-condition for legitimizing advanced industrial societies (Dahl 1989; Held 1991; Giner 1994; Archibugi et al. 1998).

The development of a European supra-national welfare state --and its corollary of top-down social policies-- is unlikely in the near future. All national, regional and local levels will combine their inputs in peoples' expectations, perceptions and attitudes. Already, capitalist forces are aware of the possibilities of rescaling territorially their activities in order to maximize investments. These processes of rescaling and "unbundling of territoriality" will have a direct impact on citizens' living standards in their localities and regions of residence (Somerville 2004; Moreno 2007; Ferrera 2008).

For social research it is not easy to assess when the level of citizens' well-being is "unsatisfactory" in a region or local political community unable to self-management and self-regulation. In such situations the inputs of national and transnational actors and institutions may be crucial for the maintenance of minimum standards of living conditions, although such interventions can also perpetuate vertical clientelism, "race to the bottom" practices and, in sum, political anomie.

Indeed, social policy-making is highly shaped by local cultures and life styles, and is less likely to be dealt with in a homogenous and centralized manner from a supra-national entity (Moreno 2003; Ferrera 2005). In recent decades, regions have come not only to re-assert their political identities by means implementing policies for welfare development. They have been effective in advancing social citizenship, particularly in those areas of labour activation, social assistance, care services and the policy closure of safety nets of welfare protection (Fargion 2000; Arriba and Moreno 2005, 2010; Kazepov 2008). Such a course of action runs hand in hand with a

growing implication of the Third Sector and NGOs, the for-profit welfare provision of policies and services to the general public, and corporate welfare. All these developments, together with the "residual" regulatory role carried out by governments, have coalesced into a 'welfare mix' which postulates itself as an aggregate of preferences to conciliate ideological differences and to optimize sustainable economic development and social cohesion. The emergence of "new social risks" (NSR) is to put to test the collaborative capacity of all these actors in optimizing the welfare mix. The focus of the next section is on sub-state regional welfare.

New Social Risks and Regional Welfare

During most of the twentieth century the institutionalization of welfare aimed at advancing social rights within the context of the evolution of citizenship in industrial democracies. At the turn of the millennium, social citizenship in Europe has remained as a legitimate goal in "post-industrial" democracies, despite that both welfare producers and consumers have had to adapt their roles and functions to the changing scenarios brought about by the new global order.

Structural modifications are taken place in advanced democracies following the emergence of "new social risks". NSR are associated with the transition to a post-industrial (post-Fordist) society, and include four main elements: (1) higher participation of women in the formal labour market; (2) an increase in the numbers of frail and dependent elderly people; (3) the rise of social exclusion for workers with poor education; and (4) the expansion of "irresponsible" private services and the de-regulation of their public counterparts (Esping-Andersen et al. 2002; Taylor-Gooby 2004).

As a consequence of NSR, vulnerable groups are likely to experience new needs in four broad areas: (i) balancing paid work and family responsibilities (especially child-care), (ii) being called on for care for a frail elderly relative, or becoming frail and lacking family support; (iii) lacking the skills necessary to gain access to an adequately paid and secure job, or having skills and training that become obsolete and being unable to upgrade them through life-long learning; and (iv) using private provision that supplies an insecure or inadequate pension or unsatisfactory services (Bonoli 2005; Armingeon and Bonoli, 2007).

Growth beyond limits and the crowding out effects of public welfare covering "old social risks" (illiteracy, old-age, sickness or unemployment) have encouraged regions to explore new policies for dealing with NSR. Some state-centric advocates of "orthodox" neo-classical recipes had insisted in the last decades on the irreversibility of 'welfare retrenchment'. For them, an explosion of welfare demands had provoked an implosion of decisions by central governments, which had to face increasing political constraints. From a Marxian perspective, both processes of legitimization of the capitalist system and the erosion of the mechanisms of capitalist accumulation were at a point of saturation.[8] In recent times, however, it is more accurate to refer to the 'cost containment' deployed by European central treasuries rather than the actual reduction of welfare benefits and programs.[9] Indeed, social protection has been preserved in the highly legitimized social insurance or tax-funded welfare states (Kuhnle 2000; Pierson 2001; Taylor-Gooby 2001).

NSR induce new welfare re-arrangements. They also put the questions on how to articulate the welfare mix in contexts of multilevel citizenship and on their combination with old "core" welfare commitments. In this prevailing scenario the role of transnational institutions and the initiatives of the regional, or meso-governments, are gaining political relevance. The latter can proceed with a moderate welfare expansion regarding NSR, which could make up for the advancement of social citizenship. Several regions in EU's member states have been active in policy innovation particularly as concerns welfare assistance and the "closure" of safety nets of social protection. As an illustration of these developments the cases of Basque Country's Regional Plan against Poverty or Scotland's Free Care for the Elderly stand out as cases in point.

Let us remind that in the late 1980s, the Basque regional government introduced a Poverty Plan establishing a minimum income guaranteed for the needy who did not qualify for other basic benefits available within the Spanish safety net of social protection. This regional initiative sparked of a "demonstration effect" in the period 1989-1995, during which all 17 Spain's *Comunidades Autónomas* implemented programs of minimum income guaranteed. Up until now, emulation and imitation among the *Comunidades Autónomas* have proved to be an effective barrier against open discrimination amongst them, and a very effective <u>de facto</u> equalizer of policy output (Arriba and Moreno, 2005).

In post-devolution Scotland, the Scottish Executive implemented in 2002 an *ex novo* policy of free personal and nursing care for the elderly. The total cost of the Grant Aided Expenditure amounted to around 1,000 million Pounds Sterling in 2006. Lord Sutherland, who chaired the Royal Commission on the Long Term Care of the Elderly in 1999, reported in 2008 that the policy had a universal acceptance (NB. The program was implemented in 2002 by a Labour/Liberal Democrat Scottish Executive and has been actively supported by the subsequent nationalist SNP Government). Some 50,000 older people in Scotland are benefiting from the policy. Unlike the case of the Basque Country, neither England-Wales nor Northern Ireland[10] has followed the pattern of "imitation". This has been mainly due to considerations about the financial "sustainability" that such a policy would have for central UK's central government (Sutherland, 2008).

Further research is needed in order not only to systematize the scarce information available on the regional input of EU's welfare states, but to assess the effects of policy innovation and learning induced by the European meso-level. Certain caveats have been voiced on the limited capacity --such as limitations of size-- that regions have when confronting welfare development on their own. Among these, the "race-to-the-bottom" argument claims that globalization inevitably leads to a reduction of citizens' rights. Certainly, social and environmental standards, particularly in less developed countries, can be highly shaped by foreign direct investments decisions taken by company boards of the basis of short-term interests, or in the expectations of immediate returns disregarding the medium- and long-term needs of the hosting region. This might induce local, regional and national governments to offer incentives of lower salaries and social welfare. But there are also cases where the opposite happens. Both politicians and decision-makers at state and sub-state levels may become "credit-claimers" depending upon their situational logic and political strategies. Many of the latter have proved to be successful as relatively better-off regions in the European context have managed to maximize their higher degrees of human and relational capitals (Berry et al. 2003; Moreno and McEwen 2005).

In several instances, regional loci of decision-making have proved to be effective "layers of accountability" (Goodin 2003). They have also experienced that the payoff for innovation has exceeded past advantages of having central elites deciding on regional policies and the allocation of public moneys. It so often happens that when the need for innovation --on sorting out a "new problem" or finding a solution-- is more pressing, it is also higher the desirability for having "laboratories of democracy" where sub-state government and actors promote policy innovation (Donahue 1997). Among the various preferences for regions to take responsibility on the implementation of social policy-making the following criteria can be briefly enumerated:

Accountability, which favours democratic participation and citizens' involvement in public life by means, for instance, of regional and local policy networks and advocacy coalitions. Such actors, or groups of actors, not only fulfil the criteria of proximity but can also optimize resources from local communities based upon a better "tuning" with their needs. Also important are the integration of the processes of learning in articulating citizens' demands and monitoring policy outcomes.

Legitimacy, which is supported by EU's "umbrella" commitment to financing less-developed regions by means of regional funds. At European level the assumption of solidarity with the poorer regions --and hence with their precarious citizens-- is fully legitimized since 1975, with the establishment of structural funds aimed at balancing out the uneven development of the European regions. Cohesion funds are also designed to reduce internal economic and social disparities.

Optimality, which is based mostly on considerations of size and economies of scale and that are regarded suitable for certain social policies (e.g. personal care services). Surveys have consistently found that a majority of citizens prefer to be cared of in their own places of residence and, if possible, by family relatives or fellow residents. Such preferences are often a priority when the full social costs are considered in the delivery of social services by regional and local institutions.

Partnership, which is articulated as a result of the growing interdependence between public and private resources within the welfare mix. Social partnership is to involve and maximize consultation, negotiation and information exchange on issues of welfare development such as public-private promotion of social rights (e.g. corporate welfare arrangements on working hours for the conciliation of employees' work and family).

Recalibration. Regions with a perspective of cosmopolitan localism[11] may opt out of the traditional guidance and political co-option of central state elites. Such perspective is reflected in both societal interests, which are aimed at developing a sense of local community and at participating simultaneously in the international context. There is, thus, a growing adjustment between the particular and the general, or between transnationalization and subsidiarization. The recasting of the boundaries of the national welfare states opens new opportunities to EU's and regions' inputs in the establishment of new welfare policy instruments.

Normative views against decentralization, in general, and welfare subsidiarization, in particular, refer to the possible exacerbation of inequalities and territorial disparities. This has often been the case in those nation-states where regional policies deployed by central governments and elites have structurally "frozen" --if not augmented-- previous existing differences. This mode of articulation of regional interests --not accountable democratically to regional institutions-- has often impeded policy innovation and mobilization and has been responsible for the encroachment of inefficient central policy provision.

Social insurance entitlements on "old risks" will remain in the foreseeable future as a state-wide responsibility and will be financed by national "pools" of taxes or contributions. However, the covering of NSR could well be paid off by "new" moneys raised at local and regional level. For such purposes, arrangements allowing for greater fiscal autonomy by sub-state levels are of the foremost importance. Regions enjoying a higher degree of fiscal autonomy may provide with fresh resources for the advancement of social citizenship. In the following section a review on the politics of territorial redistribution, decentralization and solidarity serves the purpose of highlighting the possibilities that sub-state political communities may have in social policy-making.

Autonomy, Solidarity and Territorial Redistribution

The emotional force of nationhood, and the solidarity and mutual belonging it engenders, serve political purposes. The idea that the nation-state represents a people sharing a common identity and a set of civic values has traditionally; (a) enhanced its legitimacy; (b) aimed at fostering citizens' participation in the democratic process; and (c) underpinned much of the discourse used to justify public policy-making and governmental action. Just as appeals to a sense of statehood have been made to provide moral justification for military action, a shared nation-state identity

has also been drawn upon to justify state intervention in domestic spheres. For example, increases (or decreases) in redistributive taxation, or legislation concerning social or moral issues, may be justified in the name of the national community and the values it is deemed to espouse. The picture seems to become more complex when citizens' manifest multiple identities and diverse territorial allegiances. But there is no intrinsic contradiction in legitimizing multilevel governance. Thus, different packages of social policy provision may respond to the demands of autonomy and solidarity in plural and transnational institutional settings.

Redistribution of resources among citizens --inter-personal and inter-territorial-- has had both nation-state and income economic policies as the preferred context and instruments to achieve social cohesion in contemporary times. Most attempts during the twentieth century were geared to articulate an inclusive welfare state nurtured by social solidarity across class boundaries and having the nation-state as "the" arena for social risk-pooling. Class identities and alliances forged across the nation-state territory were to generate feelings of bonding and inclusive membership. Political actors at the sub-state level have claimed that social solidarity may enjoy a high degree of legitimacy in smaller territories, where a strong sense of common identity and a mutual sense of belonging is shared, and where a transnational framework of non-discriminatory constitutional provisions of an egalitarian nature is guaranteed (e.g. Scotland and the EU).[12]

Because it embodied feelings of solidarity and mutual obligation among members of a national community, a shared nation-state identity was to represent an essential pre-requisite to the functioning of redistributive welfare systems.[13] In this line of argument, solidarity, redistribution and a unitary welfare state were to constitute a virtuous circle in the provision of social benefits and entitlements. Countries with a unitary political culture, or where their constituent units perceived the benefits of such a top down implementation, welcomed and supported the construction of national welfare systems. The nation-state executives were to take on redistribution while sub-state administrations should be in charge of administrative functions. Nevertheless, no consistent empirical findings have lent support for a "positive sum" arrangement with the allocation of the function of redistribution to the national level and those concerning the operationalisation of welfare policies to the regional level.

After the period of the so-called *treinte glorieuses*, or Golden Age of welfare capitalism (1945-1975), political developments began to put the aspirations of the internal territories of the state in the forefront of collective social demands. Coupled with (a) the progressive loss of legitimacy of a model of vertical state intervention, (b) the revival of ethnoterritorial identities and (c) the quest for sub-state territorial autonomy, the emergence on the NSR has provided sub-state political communities with new "windows of opportunity" for political action and policy innovation. These initiatives have fought the centralized attempts to dismantle top-down the welfare state according to the neo-liberal creed of deregulation and "rolling back the frontiers of the state".

The debate on whether decentralization constrains redistribution is an unfinished one. There is a large cross-national literature which uses multivariate analysis to understand the factors that influence levels of social spending (Hicks and Swank, 1992; Huber and Stephens 2001). This literature has a long-standing trajectory (Cameron 1978), and has often concluded that federalism and/or decentralization constrains the expansion of the national welfare state. Further arguments point to the contention that rescaling can have more powerful negative effects than any other institutional variable; greater than factors such as the level of corporatism in decision-making, the nature of the electoral system or a presidential system of government (Swank 2002). However, federal countries with a long-standing record of welfare development, such as Australia or Canada, demonstrate a greater positive correlation between social spending and redistribution (Obinger et al. 2005),

In addition to the structure of the state, redistribution may also be affected by the state's ethnic composition. It has been argued that the degree of redistribution is more limited in countries

which are ethnically heterogeneous or that have high levels of immigration. Some have suggested that public policies designed to recognize and accommodate internal diversity are detrimental to the robustness of the welfare state, with numerous consequences. They may have: (i) a crowding-out effect, diverting energy, money and time from redistribution to recognition; (ii) a corroding effect, eroding trust and solidarity amongst citizens; or (iii) a misdiagnosis effect, with "culturalist" solutions shifting attention from the "real problem" of class inequalities. But the causal relationship between welfare retrenchment and policies of accommodation and recognition is not empirically sustained (Banting and Kymlicka 2006)

For regions in decentralized countries the form of devolution is an important area of analysis in assessing social policy outcomes. Some findings point to the fact that countries in which responsibility for spending is decentralized, but responsibility for revenue-raising is centralized, tend to spend more than other countries, other things being equal. By contrast, in countries where both revenue-raising and welfare spending are decentralized, expenditure levels appear lower (Rodden 2003).

Autonomy in public and social expenditure is viewed as "part-and-parcel" of political autonomy not only by richer regions and conurbations (e.g. Basque Country, Flanders, Quebec, or London), but also in poorer ones (e.g. Andalusia, Corsica, Scotland, or Berlin). Autonomy is also confronted with the principle of inter-territorial solidarity, which implies the redistribution and transfer of funds from the richer to the poorer regions within nation states, and between these in wider institutional contexts such as EU's. The ultimate goal of equalization is that of attaining a minimal level of basic services, the procurement of citizenship rights and an adequate distribution of the financial burdens. Block grants are generally used by central treasuries in order to preserve a degree of inter-territorial redistribution. The debate on whether such transfers are to be categorical -- "earmarked"-- or not is crucial for the exercise of discretionary autonomy by the recipient regions.

Equalization systems seek to redistribute fairly the available general financial resources. Criticisms are usually voiced by wealthier regions when they feel that the equalization system is far too redistributive and lacks clear distributive criteria so as to motivate the subsidized and more deprived regions to improve their performance. The latter generally demand a higher level of public spending as to empower them for "catching-up" with the other political communities. But redistribution may also come in the form of central public investments in large infrastructure projects, which may be discretionary and may neglect or discriminate against some regions for "unconfessed" --covert-- party-political reasons (e.g. "unproductive" investments and personal transfers in Italy's *Mezzogiorno* after WWII). These practices may have been "legitimized" by the high level of political support across regions enjoyed by state-wide welfare programs under the responsibility of central authorities such as old-age pensions, social security benefits or unemployment benefits.[14]

Concerns over the "race to the bottom" or, conversely, of sub-state political communities becoming welfare "magnets", have generally been overstated. While politicians may choose to believe that generous benefits will attract welfare beneficiaries from other territories, there is little evidence to support such claims. Even in a federal country such as the USA --where there is a much greater geographical mobility than in Europe-- there is little empirical evidence to suggest that "voting with their feet" actually takes place. Given the importance of this logic on the normative defence of redistribution as a national state-level function, perhaps this long-standing view should be revisited. In fact, there is some evidence of a "race to the top" as devolved administrations aim to take on policies of nation/region-building showing their capabilities for innovation in welfare matters (e.g. Canadian provinces, German *Länder*, Italian *Regioni*, Spanish *Comunidades Autónomas* or UK's devolved administrations) (Moreno & McEwen 2005).

Political decentralization in long-standing democracies may also shape the traditional outlook of the welfare state. Sub-state autonomy over welfare legislation can lead to policy divergence, and the development of distinctive welfare regimes within the boundaries of a single state. Some degree of policy divergence is an inevitable consequence of political decentralization, particularly where this has emerged in response to self-government demands. Policy divergence has the potential to undermine inter-regional solidarity only if it implies that citizens in different regions of the same state --or political community-- do not enjoy access to similar services, or do not have recognition of the same social rights and entitlements. Although control over social insurance has tended to rest with central government, sub-state political autonomy has involved the decentralization of substantial areas of the welfare state, particularly within the arena of personal social services, as examined above these lines. The subsidiarization of the welfare state can stimulate policy innovation, with a "demonstration effect" that minimizes the detrimental consequences for state-national solidarity. At the transnational level, the implicit assumption of solidarity in the policies of income redistribution carried out by continental integration has largely legitimized multilevel intervention.

Conclusion: EU's Regions as Welfare Developers

Regions can pursue policy innovation and welfare expansion while complying with national and European institutional frameworks of solidarity and redistribution. Due to the very nature of multilevel governance, there is little impediment to prevent regions from developing programs advancing social citizenship based upon two premises, as in the case of the EU:

(1) Post-regulatory EU embrace the idea that "soft regulation" serves better the purposes and dialectics of unity in diversity characteristic of the process of Europeanization and the necessary processes of policy learning. The Open Method of Co-ordination (OMC) can be considered as a post-regulatory resource and as a new paradigm of social regulation.[15] The OMC is not based on detailed rules but rather on the establishment of general "procedures" (procedural regulation) which allow greater flexibility, variation and freedom. Promoting this mode of governance permits a response to the democratic legitimacy crisis faced by European institutions. This development is replacing a centralized perspective based on a formal model of subordination. The new mode of regulation seeks the involvement of a great number of actors in the decision-making process, so that a wide range of political perspectives and social interests may come together.

(2) The practices of emulation fit much more appropriately with the conditions of EU's internal variance as well as with subsidiarization ("benchmarking" and "best practices"). The latter are geared at the identification of indicators synchronically (among countries) and diachronically (through time) which would conform procedural regulation in line with preferences for flexibility, discretion and variation. The virtue circle of emulation may be the most suitable course of action, as it would avoid being realized as an exogenous process superimposed externally. The conciliation of the various identity layers and citizens' political expectations ought to be a determining factor for the building of a European "community of trust."

Encouragement for the nominal convergence of policy outcomes under the auspices of central EU's institutions have been based upon the idea of a common European citizenship and socio-economic model. The efforts made by less-developed and "late-comer" member states in order to "catch up" to median EU figures and indicators has allowed cohesion and credibility to the European project.[16] Likewise, regions and sub-state political communities also confront the incentive to abandon their position as "laggards" according to their own aspirations for welfare expansion and the advancement of social citizenship. Desirable future scenarios should allow the unfolding of new synergies into a welfare mix of entitlements, interventions and policy instruments with long-term effects for the improvement of citizens' living conditions. This is to be in line with the very nature of multilevel citizenship.*

Notes

[1] This comparative study of 42 democratic or semi-democratic countries has found that, in the period 1950-2006, institutional reforms have taken place in the direction of greater regional authority by a ratio of 8 to 1.

[2] This was viewed as the subsequent historical stage once political and civil citizenship had been realized (Marshall 1950; 1965). Marshall's argument for social citizenship can be regarded as a dynamic account --rather than as an evolutionary theory-- of the struggle between the extension of political equality and social rights, on the one hand, and the capitalist market and social class, on the other hand (Breiner 2006).

[3] Stein Rokkan (1921-79) drew attention on the interrelations between internal structuring and external boundary-building for understanding the connections between state formation (military and administrative), nation-building (cultural), and the development of mass democracies (political) (Flora et al. 1999*)*. Welfare development is the latter stage in Rokkan's attempt to put forward a typological-topological map of Europe.

[4] The principle of subsidiarity enshrined in the Treaty of European Union of 1992 (Maastricht Treaty) contains two diverse definitions on subsidiarity. The first one is of a substantial nature and is included in the Preamble and Art. 1 and expresses a broad political and conceptual understanding concerning both criteria of proximity and proportionality. The second definition put forward in Art.5 (originally 3b) is of a procedural character and its legal implementation has been rather problematic (van Hecke 2003).

[5] Debates in the EU on the so-called "subsidiarity watchdog" are illustrative of the difficulties in conciliating national and regional interests. Both layers of governments (national and regional) have been engaged in a dispute as whether an additional referral procedure before the entry into force of a European legislative measure --which would conflict with the powers vested on each tier of government-- was to be introduced. This referral procedure would establish that the application of a piece of European legislation would be suspended, and eventually put before the European Court for decision on *ultra vires* principles, if a qualified minority of member states or a significant minority of the "partner regions" (regions with concerned legislative powers) were to contest it. Such measures of constitutional design would be of the outmost importance in the re-structuring of welfare arrangements (Moreno and Palier 2005).

[6] Civility may be co-related not only with citizenship but also with the idea of patriotism. In a loose meaning, patriotism appeals to a collective attachment to the institutions and values of a polity in a manner similar to that of affinity among family members. The additament *constitutional* is usually added but is often confused with the ideology of (state or majority) nationalism. The patriot can be loyal to his/her own country's language, history and culture. However, such a country

may be integrated into a larger political community (e.g. Scotland and the United Kingdom) (Moreno 2006).

[7] And which contrasts with other models (USA's) on the application of values for motivational goals such as fiscal progressivity. Unlike in the Old Continent, nearly a majority of surveyed people in the US declares that rich and poor should pay the same percentage of taxes on income (flat-rate) (Lewis-Beck et al. 2008).

[8] The "O'Goffe's tale" makes reference to the theses of O'Connor (1973), Gough (1979) and Offe (1984) that there is an insuperable contradiction for the maintenance of the expansive and solidaristic welfare state.

[9] In fact, European welfare states are in a process of convergence towards the middle concerning, among other indicators, income inequality, public expenditure and social protection expenditure. Gini coefficients and the risk of poverty have been reduced slightly, while expenditures have risen in absolute terms (Adelantado and Calderón 2006).

[10] Despite that the Northern Irish Government had voted to provide free personal care for the elderly in Northern Ireland from 2008 onwards, the Northern Irish Health Minister had stated that the date in the Bill for the implementation of the program was not binding and that it would more likely to happen in 2010/11. In England and Wales neither Labour nor Conservatives were in favour of free long-term care for the elderly along the lines of the Scottish scheme.

[11] Cosmopolitan localism mainly concerns medium-sized polities, within or without the framework of a state. In the Old Continent it can be detected not only in small nation-states (Denmark, Eire, Luxembourg) and stateless minority nations (Catalonia, Flanders, Scotland), but also in regions (Brussels, Languedoc, Lombardy) and conurbations (Berlin, London, Madrid) (Moreno 2005).

[12] In the 1990s the percentage of Scots of different social classes feeling more in common with fellow Scots than with English of the same class was markedly on the rise. The 1999 Scottish Parliamentary Election Survey found that a majority of Scots identified with opposite-class Scots among both people who called themselves working class (71% of the total population in Scotland), and among people who called themselves middle class (Paterson et al. 2001).

[13] David Miller (1995, 2000) has combated the idea of recognizing minority identities without linking them to an overarching national identification. Likewise, Margaret Canovan (1996) has argued that the sense of communal solidarity inherent in national identity explains why goods and possessions should be regarded as shared and defines the boundaries within which they should be redistributed. Processes of "boundary-bonding" have developed nationally in the solidarity models of welfare capitalism (Ferrera 2005).

[14] In Flanders, regionalists have in recent times requested the splitting of the national social security system based upon a majority of Flemish citizens in favour of such division. The "improbable" reform should require a wide consensus between the two communities (French-

speaking and Flemish-speaking) in order to change the constitution (Dandoy and Baudewyns 2005).

[15] This method consists of the following stages: (a) The European institutions propose a series of guidelines, composed of measures and general objectives, often grouped under concepts like, for instance, "activation" or "employability"; (b) These guidelines are transposed into national and regional policy by the member states (National Reform Programs); (c) A benchmarking system is set up for comparison between countries and over time of the evolution of the member states and to identify best practices; and (d) A process of evaluation, review and monitoring on the part of the peer group and the European institutions is generated.

[16] Spain's "catching up" with the median figures of the EU 15 is very illustrative: 70% at the time of its accession in 1986 and 94% in 2008 (increase in per capita income measured in purchasing power parity PPP, as percentage of European mean) In 2008, the corresponding figure for EU-27 was 102.6%.

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