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## 5 Spain

### From state welfare to regional welfare?

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#### **Introduction: a case of Latin Mediterranean welfare**

Since the transition to democracy at the end of the 1970s, the agenda of public authorities in Spain has undergone a profound structural transformation. This transformation arose from two distinct yet interrelated processes: first, the establishment of a welfare state close to European standards, as a response to both internal social demands and pressures from the European political and socio-economic context; and second, changes in the political and territorial organization of the state, from a unitary to a more decentralized one. The need to draw closer to European levels of social and economic development necessitated the creation of a welfare state with a capacity to intervene in economic and social arenas similar to those of neighbouring countries – that is, with a much broader and more diversified agenda than that of the Franco dictatorship. This need was first called for by the social forces during the transition, mainly leftist political parties and trade unions. In these circles, the process of democratization was indissolubly linked to enshrining social rights in a constitution. Another source of pressure to modernize and increase the state's capacity for intervention as an engine of the country's socio-economic development was the European Community, which Spain wished to join.

In terms of the model of welfare state, Spain belongs to the Latin Mediterranean type. The literature on welfare states (Titmuss, 1974; Esping-Andersen, 1990) has systematically omitted the southern European states (Spain, Greece and Portugal, and Italy to some extent). After the transitions to democracy in some of these countries, and the consolidation of polities comparable to those of the northern neighbours, southern Europe slowly joined the sphere of comparison among welfare states. To some authors (Castles, 1995), the southern European model is defined primarily by its low levels of social spending – which correspond to late processes of industrialization and modernization – within the framework of political welfare structures of a clearly continental nature. This would thus be a Christian Democratic-style social protection and employment

system which is still in its embryonic stages. Other authors, however, maintain the existence of features unique to the southern European countries (Sarasa and Moreno, 1995; Ferrera, 1996; Rhodes, 1997), which remain evident in spite of the dynamics of modernization and convergence with the northern part of the continent. On the contrary, in this scenario, the expansion of social costs – an expression of the new correlations of strength originating from democratization – arise within the framework of specific political welfare structures whose distinctive features tend to be strengthened.

In accordance with this latter focus, the defining features of the Latin-Mediterranean welfare state, as concerns the case of Spain, can be summarized as follows:

- A virtual historical superimposition of the processes of construction and reorganization of the social Keynesian pact. The transitions, which mainly took place during the decade from 1975 to 1985, laid the foundations of this model; its development, unlike in the rest of the European Union, took place in the context of underlying structural changes.
- The centrality of the contributory and distributive system of social security, which is highly fragmented in terms of its categories of recipients, with high degrees of protection centred in small groups of workers coexisting alongside broad layers that are excluded, thus generating the superimposition of fragmentation and dualism.
- The adoption of universal models of health care and education financed by taxation, with per capita spending levels below the European average and coexisting with more extensive private sectors than in the rest of the European Union.
- Maintenance of the family-based system of assistance, with weak public roles in the areas of social exclusion despite the establishment of new public networks of social services, and income support programmes that are partial and somewhat fragmented.
- The establishment of models of labour relations with high rates of coverage by collective negotiation but with low labour union affiliation rates. The lack of correspondence between these two indicators is higher than in the continental systems. The high coverage is explained as a labour union conquest in exchange for the redirection of social conflict towards agreement scenarios via negotiations between government and union leaders at times of transition and democratic fragility.
- A very significant impact, in comparative terms, of the European Union's social and cohesion policies in each of the countries, from both a quantitative (social spending financed by structural funds) and qualitative (adjustment of state policies to Europe's designs) standpoint.

Nevertheless, this is not a pure model of welfare state, nor has it developed in a single direction. Until the transition to democracy, corporate features were a pillar of the Franco state. The reference values of the social elites in the Franco regime were based on a rickety and authoritarian model of welfare that was enormously divergent from the European models. Since the transition, and throughout the past 20 years, social policies in Spain have combined a dynamic of convergence with the European Union norms along with a dynamic of reorganization determined by tension between the paradigms of public regulation and the market as alternatives for generating welfare. During the 1980s, under the mandate of the Spanish Workers' Socialist Party (PSOE), education and health care drew closer to social-democratic values as they became universal and tax-financed. And since the mid-1990s, with the Popular Party (PP) governments, a gradual permeation of liberal principles has been observed. However, the Spanish welfare scheme today does not fall within the parameters of neo-liberal orthodoxy. The framework of reference values is not homogeneous: universal access to health care and education services coexists with the principle of obligatory taxation on social security transfers (pensions and unemployment), with a minor public role in social assistance, and with successive waves of labour deregulation.

The construction of this welfare state in Spain cannot be understood without including in the analysis the process of political and administrative decentralization initiated with the transition to democracy. This has led to the growing importance of the regional level of government – the *Comunidades Autónomas* (Subirats and Gallego, 2002). And despite the fact that the degree of self-government is not the same in all the communities, they have tended to become the bodies that define and implement the social policies that have been transferred to them. The combination of both processes – of decentralization and the creation of the welfare state – has also produced a much more fragmented and complex institutional agenda. Its fragmentation derives from the fact that in addition to the central government there are now also 17 autonomous governments with far-reaching powers to shape their own agenda and with the ability to intervene in highly diverse sectors. Its complexity derives from the allocation of competencies as established by the Constitution and the corresponding 17 Statutes of Autonomy.

The gradual regionalization of welfare carried out during the 1980s and the early 1990s resulted in a map in which social policies with a strong component of service provision, such as health care, education and social services, were left largely in the hands of the *Comunidades Autónomas*. In these areas, the competencies are shared among levels of government: the state government approves the basic legislation, within whose framework the *Comunidades Autónomas* may also legislate, develop the corresponding regulations and manage the services. It is the Spanish parliament that, by law, defines what is basic within a matter or competence – usually those

aspects that it considers should be homogeneous across the state territory. However, this distribution of powers does not require a time sequence for their exercise. In this respect, the Constitutional Court has sentenced that the *Comunidades Autónomas* may legislate in the absence of basic legislation, as their self-government capacity shall not be limited by political dynamics at the central government level. In this case, what is basic within a matter shall be deduced from the existing legal framework (Pérez Royo, 1988). By contrast, the main contributory policies, including unemployment benefit and pensions, are exclusive state competencies with virtually no responsibility given to the *Comunidades Autónomas* in these fields. Among the exclusive competencies of the *Comunidades Autónomas* are the income support policies with a lower redistributive and budgetary impact, such as the minimum income guarantee programmes. Finally, other policies such as housing, which take up a small proportion of the welfare budget in Spain, are shared among different government levels.

Overall, decentralization involved providing *Comunidades Autónomas* not only with decision-making and implementation powers but also with resources – namely, their own budget. However, as Table 5.1 shows, their per capita budget does not always reflect their levels of powers – some communities with a lower powers ceiling have a larger budget per capita than some with a higher powers ceiling, while among communities with similar powers, the budget per capita varies considerably.

### Decentralization and welfare expansion

The Spanish experience of founding and developing a welfare state presents two main differences compared to that of its neighbouring European countries. First, the calendar of expanding welfare in Spain began three decades later, based on the political transition that took place at the end of the 1970s. Second, this expansion of welfare was linked from the outset with a decentralized state structure. As a result, although the state government is responsible for designing – through basic legislation – the parameters defining the main welfare policies, the *Comunidades Autónomas* have a margin of action that enables them to make different policy choices (Gallego *et al.*, 2003).

The process of devolving competencies has been asymmetrical and complex, as it has led to the attainment of different levels of power at different points in time for each *Comunidad Autónoma*. Moreover, it has been a political not a technocratic process. It can only be understood as an ongoing negotiation between state and regional governments, each of them pursuing different political projects. Thus, competencies in health care were transferred to Catalonia, Andalusia, the Basque Country and Valencian Community during the 1980s, while Galicia, Navarre and the Canary Islands received them at the beginning of the 1990s. Similarly, the process of transferring competencies in education to these *Comunidades*

Table 5.1 Budgets of the *Comunidades Autónomas*, 2002 (euros per capita)

Comunidades Autónomas	Euros per capita
<b>Higher powers ceiling (includes health)</b>	
Navarre*	4,266
Basque Country*	2,852
Canaries	2,502
Galicia	2,448
Andalusia	2,366
Catalonia	2,120
Valencian Community	2,051
<b>Lower powers ceiling (does not include health<sup>1</sup>)</b>	
<i>Pluriprovincial</i>	
Extremadura	2,352
Aragon	2,086
Castille and Leon	2,080
Castille-La Mancha	1,994
Balearics	1,271
<i>Uniprovincial<sup>2</sup></i>	
La Rioja	1,935
Cantabria	1,903
Asturias	1,875
Murcia	1,427
Madrid	1,421

Source: Adapted from Tornos (dir.) (2003: 569).

#### Notes

\* Navarre and Basque Country have a different financing system – they collect their own taxes and negotiate with the Spanish government the share they transfer to it in payment for the services that the peripheral Spanish administration still provides in their territories.

<sup>1</sup> The agreement to transfer health to these *Comunidades Autónomas* was signed in December 2001, but the transfer process has not yet been completed.

<sup>2</sup> The *Comunidades Autónomas* composed of only one province receive less money from the central government mainly because the provincial administration merged with the *Comunidad Autónoma's* administration. By contrast, the *Comunidades* with more than one province kept their corresponding provincial administrations differentiated and active (one *Diputación Provincial* per province).

NB: These budgets do not include the money that is earmarked to be transferred to municipal governments.

*Autónomas* spread through the 1980s and the beginning of the 1990s. Thus, for more than three legislative sessions, there have been seven *Comunidades Autónomas* with the ability to develop a basic nucleus of social policies. To this we must add that social services and income support policies have mainly been developed within the domain of the *Comunidades Autónomas* (in all of them and not just in the seven with the greatest range of competencies), with relatively little participation by the central state. Finally, housing policy is a competence that is shared between the central state and the autonomous governments. The idea of equal ceilings of competencies was set forth in the 1992 Autonomous Pact. Thus, in 1996

an agreement was signed to initiate decentralization in matters of education to the remaining *Comunidades Autónomas*. The process of *de facto* transferring the competencies once the agreement was signed (calculation of costs, transfer of management responsibilities, etc.) took four years. In December 2001, agreement was reached to devolve health care to the ten remaining *Comunidades Autónomas* that did not already have this competence.

Thus, an analysis of the development of welfare in Spain lends itself to discerning sectors of policies and actions carried out by those *Comunidades Autónomas* with a greater number of competencies.

### Education

In the area of education, the transition to democracy marked a relative turning point in the underlying orientation of late-Franco era education policies. The laborious Article 27 of the Constitution, and the Programme of School Places (*Programa de Puestos Escolares*) which was part of the 1977 inter-party Moncloa Agreements, reflects the Schooling Agreement that was part of the transition. Its basic parameters reflected mutual concessions between the right and left: the commitment to increased spending on public schooling as a specific step reflecting the right to education, and the recognition and support of a broad private network of schools as a specific step reflecting freedom of choice in education. However, the implementation processes served to erode the Schooling Agreement. The slow-down in the pace of public investment in education contrasted with the massive increase in subsidies to private schools. Additionally, the 1980 School Law (*Ley de Centros Escolares*), which sparked opposition amongst all progressive sectors, regulated the internal democratization of schools in a highly restrictive way and consolidated the policy of indiscriminate subsidies.

The PSOE's victory in the 1982 election led to a new partial substantive shift, the momentum of which – albeit with changing priorities – was maintained until the early 1990s. The basic legislation that staked out the education policy of the Socialist governments – LODE (*Ley del Derecho a la Educación*, 1985), LOGSE (*Ley General del Sistema Educativo*, 1992) and LOPEG (*Ley de la participación, la evaluación y el gobierno de los centros escolares*, 1995) – put emphasis on guaranteeing access to education. The guaranteed access policies were a feature of three types of actions. The first was the moderate yet sustained expansion of the range of public education available, especially in mid-level, post-compulsory education. The second was the substantial increase in spending on scholarships and the number of recipients. The last was a range of regulations, including the free public school network, the extension of compulsory education until 16 years of age, use of the criteria of income and proximity when allocating scarce places in public schools, and the redefinition of the subsidized private

school network with the design of criteria for financing, admissions and operations in accordance with the public school parameters. The *Comunidades Autónomas* are responsible for managing the policies ensuring access, while local governments play a minor role.

In the education policy of the autonomous governments, the most noticeable differentiating factor can be found in the twofold school network (public schools and subsidized private schools). Andalusia, the Canary Islands and Galicia have the lowest percentages of student registration in private schools, while Catalonia, Navarre and the Basque Country have the highest percentages; Valencian Community lies somewhere in the middle. These groupings are reinforced by another indicator: the highest percentage of public spending on education over total spending on education can be found in the Canary Islands, Andalusia and Valencian Community. The balance between public and private schools that characterizes the educational choices available among *Comunidades Autónomas*, and it is also the variable that best explains the characteristics, dynamics and results of the education system. Thus, the differences among *Comunidades Autónomas* depend on how the twofold network of public and private schools is defined (Calero and Bonal, 1999). On the other hand, these differences can also be explained by historical particularities, although they are clearly strengthened or weakened by more recent political choices. These histories and choices are manifested in differentiated education systems that, perhaps even more importantly, also generate different results in terms of efficacy and fairness.

### Health care

An analysis of the contents of health-care policy obliges us to examine a series of basic indicators: the nature and rate of coverage, the financing system, the scope of services available, the evolution of costs and the management model. In accordance with these parameters, the departure point for Spanish health-care transition was characterized by a professional system, with broad coverage (81.4 per cent of the population). It was contributory and widespread but of low quality, and was undercapitalized and placed under the umbrella of the social security direct provision system. From 1977 until today, all of these aspects have undergone reconsideration, albeit to varying degrees. The health-care policies of the Democratic Centre Union (UCD) governments (1977–82) never underwent an overall reform process. The explanation for this lies in the fiscal weakness of the transitional state, the impact of the economic crises and the incipient conflicts arising among the network of stakeholders. Perhaps the only noteworthy change in health-care policy during this stage was the introduction of user co-payment for medicines prescribed outside hospitals, with the exception of retired persons.

The health-care policies of the PSOE governments (1982–96) were

founded upon two successive pillars. The 1984 Royal Decree on Basic Health Care Structures (*Real Decreto de Estructuras Básicas de Salud*) and the 1986 General Health Care Law (*Ley General de Sanidad*) reflect the first of these. The pre-existing professional and contributory model was replaced by a universal model which was financed by progressive taxation. Also, the health system was to be based on the direct provision model, which already characterized the existing public health services. The second pillar was decentralization. The unitary provision and management scheme was replaced by a scheme involving central state coordination of public health-care services provided by the *Comunidades Autónomas* to which these competencies had been transferred. In short, the National Health Care System was established as a model of universal provision of health-care services managed by different regional governments.

Public spending on health care consistently rose (from 4.3 per cent of GDP in 1980, to 5.59 in 1994, and 5.36 in 1998), although even today it is still below the OECD average, which is above 6 per cent of GDP (OECD, 2001). The spending structure reveals a significant weight in specialized care and pharmaceutical costs, which is indicative of the low level of development of primary preventative policies and the scant importance of the generic pharmaceutical market. Public coverage is situated at the universal level. However, 7.5 per cent of the population – namely, civil servants – are covered by a mutuality, which reflects the survival of a corporatist arrangement.

Among the *Comunidades Autónomas*, an analysis of health-care policies shows similarities and differences with the classification of education policy. Thus, Navarre and the Basque Country emerge as the *Comunidades Autónomas* which are most pioneering in terms of policy initiatives that serve as an example to both the state government and the remaining communities, although they work within the health-care system model enshrined in the country's basic regulations. Within the framework of the National Health System, they provide a model which is differentiated due to its quick response and explicit commitment not only to universal coverage but also to needs diagnoses and corresponding health policy planning. Likewise, both *Comunidades Autónomas*, preceded in this case by Andalusia, were pioneers in the implementation of primary health-care reform, and Navarre even managed to exceed the average coverage in reformed primary health care for the ten communities managed by the state government. Andalusia is also a case of commitment to the public health-care model of direct provision of services, and it is the *Comunidad Autónoma* in which primary care emergencies are the most active, with the concomitant implications of fairness in access to services. However, this community's outstanding performance is recent, for example, in the area of the assessment of the quality of services; thus, it still identifies with the model pre-established by the state government. Finally, the Canary Islands demonstrate a commitment to the public model, yet one which is highly

differentiated because of its heterogeneity and fragmentation within the public provision network itself belonging to different government levels.

The cases of Catalonia and Galicia are defined under the private, differential model, but for different reasons in each community. Catalonia and Galicia were the *Comunidades Autónomas* in which primary health-care reform, one of the pillars of the National Health Care System, evolved more slowly. In the former this can be attributed to the highly urban population, and in the latter to the highly rural population. In both, it is also due to the fact that the medical profession and the political elite were in league with each other, all of this despite the fact that Galicia received the devolution of health-care competencies nine years after Catalonia, with the concomitant differences in experience. Just as in the area of education, Valencian Community emerges in the middle ground, standing out in all aspects neither for its commitment to the public health-care model contained in the state's basic regulations nor by offering any other alternative model or pioneering initiatives.

#### *Social services*

Social services policy differs from the other policies in the weak definition of the subjective right to coverage, and in the minor role it occupies within the Spanish welfare system. This weakness is even more pronounced than in the rest of Europe. The 1978 Spanish Constitution does not clearly define the subjective right to social services (that is, there is no legal precept that must be adhered to in order to request, for example, a place in an assisted living home or at-home assistance for persons with physical dependencies). Nor is this right enshrined within *Comunidades Autónomas* legislation. Social assistance and social services constitute matters in which the *Comunidades Autónomas* have exclusive competencies. The right of a publicly funded system of social services to exist is acknowledged, as well as the right 'to' the service, and even the right to participate in the arrangement, planning and management of the services. However, neither the *Comunidades Autónomas*'s laws on social services, nor the regulations on their implementation, nor their plans or programmes, outline the real and efficient mechanisms to implement them (scope of responsibilities; human, technical and financial means; guarantees; and so forth).

The available range of not-for-profit and private services covers only part of the deficiencies in public provision, which is fragmented among levels of regional and local government and is operationally quite weak. While private provision is orientated towards services with a solvent demand, not-for-profit services prioritize those services with low economic profitability and which are frequently not covered by the public sector. To this end, it is worth highlighting that the *Comunidades Autónomas* with higher levels of per capita income usually have higher percentages of

public social services (Equipo EDIS *et al.*, 1998). Thus, among the seven *Comunidades Autónomas* being examined, the Canary Islands, Catalonia, Valencian Community and the Basque Country have the greatest presence of public social services, while Andalusia and Galicia provide fewer services. Precisely in these two latter communities, which are among those with the highest poverty rates in Spain, Caritas and the Red Cross have a greater presence than in the former group.

### Housing

Housing policy is also an extremely weak component of the welfare state and, as in the case of social services, it is more noticeably so in Spain than in the rest of Europe. Despite the general trend towards a crisis in accessibility due to rising prices, market deregulation and the predominance of homes priced on the free market, differences can be discerned in the public policy choices made by the *Comunidades Autónomas*. Average public spending in this area in the Basque Country, Navarre and Andalusia is almost double that in Catalonia, Valencian Community and Galicia. Along these lines, the Basque Country and Andalusia have opted for more intense protective measures, while the latter three have chosen weaker protective measures (Ministerio de Fomento, 2000). Nevertheless, the development of an active housing policy does not always imply the predominance of low prices on the market (as shown by the case of the Basque Country), nor does a weak policy imply high prices (as shown in the case of Galicia). In other *Comunidades Autónomas*, however, such as Catalonia and Navarre, there is indeed a direct correlation between the intensity of the policy and a greater or lesser ability to affect housing prices.

In sum, welfare expansion in Spain had its foundation on the democratic transition of the late 1970s, and was part of the political compromises made by some of the main state-wide parties. The leftist parties managed to bundle together democracy and welfare. Thus, establishing a welfare state played a legitimizing function, but more for the new political regime – a democracy – than for a process of nation-building. In fact, nation-building at state level was inevitably reminiscent of the centralizing model that had characterized the Francoist dictatorship. The result of the negotiation and correlation of forces during the transition on this issue, between a right wing supporting a unitary state and a left wing supporting a federal state, was a halfway solution – an *Estado Autonómico* which could guarantee the same level of citizens' rights across the territory, but which could also allow for some regional specificities.

### Expanding regional welfare

Although the main welfare policies were developed in Spain during the 1980s, in the 1990s the need for their reform began to be considered in

light of the propositions being formulated internationally. Some of the main avenues of reform initiated in Spain's neighbouring countries during the 1980s focused on the instruments of public intervention. In terms of forms of organization and service provision, in which hierarchical, integrated structures predominated, the tendency has been towards fragmentation into a network of independent organizations that are specialized according to function (regulatory, purchasing, providers). The mechanisms for financing this network of organizations have also been modified, with budgetary allocations being replaced by financing based on contractual mechanisms. In certain cases, these might include incentives for more efficient management and the competition for resources, both public and private. These changes have been accompanied by immediate effects in the public domain. On the one hand, the margin for manoeuvre has been expanded for the public stakeholders within the framework of private law; on the other hand, the network of actors involved in providing benefits and services has become more complex as it has been opened up to private and not-for-profit stakeholders.

Thus, the service-providing areas that make up the basis of the welfare state, such as universal health care and education services, have been subject to in-depth reforms in their management instruments. Likewise, other areas of intervention with less budgetary implications, such as social services, and which are key in more highly consolidated welfare states, have been affected by international trends towards reform. In the case of Spain, despite a point of departure characterized by much weaker intervention in these sectors, strong reorganizational currents have also been unleashed. Finally, in emerging areas such as income support and active employment policies, although experience is still quite recent, a commitment and capacity for intervention can be detected among all levels of government involved.

In this respect, the *Comunidades Autónomas* have followed the prevailing trends emerging from both the central government and other European countries in their efforts to develop new forms of intervention. However, the ability to create new management instruments and generate dynamics and networks of stakeholders linked to these cannot be explained solely by the political will of the political elites in the *Comunidades Autónomas*. This ability has also been affected by factors such as the timing of the devolution of competencies, as well as by the amount of all types of resources with which each *Comunidad Autónoma* started in these sectors. Thus, despite the fact that the state's basic regulations envisage, for example, a model of direct provision for a certain service which must be organized and managed by the *Comunidades Autónomas*, if these communities already have a service-providing structure that lends itself more to a model of indirect provision, this community will tend to develop instruments and encourage networks of stakeholders more in line with the latter, as will next be analysed.

### Education

Education policy presents similar challenges and instruments for intervention among all seven *Comunidades Autónomas* with the broadest range of competence in this sphere. The process of modernizing the education system has also included instruments aimed at improving schools' decision-making autonomy while at the same time facilitating the participation of stakeholders from within the education sector. The difficulties encountered in the implementation of these measures are common to all the *Comunidades Autónomas* as well. During the 1990s, partly in response to these difficulties, the sector tended towards deregulation, thus making student admission criteria more flexible and diversifying schools' sources of financing. These measures have contributed to deepening the twofold nature of the education network. This degree of duality remains the clearest criteria for identifying differences among the *Comunidades Autónomas*, with all of them sharing the complex model of networks of stakeholders characteristic of the education system. Nevertheless, one can distinguish a greater prominence of management instruments in line with the private sector in three communities (Catalonia, Navarre and the Basque Country), while in the others (Andalusia, the Canary Islands, Valencian Community and Galicia) the use of instruments characteristic of the public domain is more prominent.

### Health care

In the area of health-care policy, the reform of the instruments for intervention has been a main feature in the debates and choices of both the central government and the autonomous governments with devolved competencies in health care. Indeed, the health-care system as defined by the state's basic regulations includes among its defining features specific instruments for intervention. This made up an integrated model of direct provision of services with completely public regulation in all its organizational and managerial aspects. As early as the 1990s, the Abril Report (Comisión para el análisis y evaluación del Sistema Nacional de Salud, 1991) succinctly set forth the choices for change in health-care policies. First, the discourse on rationalization was accompanied by cutbacks in the range of public services provided: the list of services and the list of medicines financed by the National Health System, which, in a context of a weak culture of social rights, opens the door to the possibility of rejecting the inclusion of new benefits due to costs. Likewise, the model of public management began to be reorganized with the introduction of market mechanisms, though only in selected experiences, such as the introduction of programme contracts. Regulation and service production were segregated in a few self-selected hospitals (health-care foundations) that opted out of the direct management system.

Nevertheless, differences can be seen among the *Comunidades Autónomas*. The Basque Country, Navarre and Andalusia stand out for their emphasis on health-care personnel being civil servants, and for the role the labour unions played in these processes. Galicia, the Canary Islands and Valencian Community have had the greatest difficulties in implementing the model defined in the basic legislation of the state government, albeit for different reasons. Catalonia is the most highly differentiated case. This *Comunidad Autónoma* developed instruments for intervention that laid the foundation for a model of indirect provision with the involvement of a complex network of public, semi-public and private stakeholders (Gallego, 2000). Only two *Comunidades Autónomas* (Catalonia, including the private sector, and the Canary Islands, with a complex public sector) present models of complex networks of stakeholders, while the remaining communities have simple models. Finally, the three communities that have experimented the most with management instruments from the private sector are Catalonia, Galicia and Valencian Community.

### Social services

In the area of social services, models of complex networks of stakeholders and management instruments from the private sector predominate. Social services policy shows a weakness in its forms of intervention, which denotes a strong lack of public commitment. This weakness is reflected on an organizational level, in terms of both financing and the structure of service provision. The *Comunidades Autónomas* have supplemented the scant financing mainly coming from central government by only marginal amounts. The structure of social service provision is fragmented amongst different levels of government, different departments within each of these, and amongst the public, private and not-for-profit service providers. Thus, it is difficult to establish distinctions between the different *Comunidades Autónomas* in terms of the actions carried out by their respective governments. All the *Comunidades Autónomas* share not only this fragmentation but also the bureaucracy derived from *Comunidad Autónoma* regulation, a lack of coordination in the provision of services, and a low degree of involvement by municipalities in this area of intervention. The wealthiest communities have more social services of all types, and more providers, and they register higher levels of use – but there is no evidence to suggest that this is due to a greater use of their capacities for self-government.

### Housing

Housing policy has not become a significant pillar within the welfare state, and it is allocated considerably fewer funds compared to the other sectors.

What is more, in housing policy the autonomous governments have not been granted capacities for action similar to those found in the education and health-care sectors, or even in the social services sector. Unlike these sectors, housing policy is characterized by a strong focus on the main instruments of intervention, especially the regulation of access to government-subsidized housing, with its concomitant financial implications, and the regulation of the rental market. The only exception is the Basque Country, which does have regulations granting it full capacities to act on access to and loans for government-subsidized housing. Beyond this multi-level configuration, all the *Comunidades Autónomas* have opted for a strongly agency-based management model, with public or mixed operators which are independent from departmental organizations. However, widely divergent scenarios once again emerge when analysing the network of public and social stakeholders involved in public housing promotion. This ranges from *Comunidades Autónomas* with scant involvement by social initiatives and municipal governments (Galicia) to others which are strongly co-operative and local in nature (the Canary Islands and the Basque Country), to numerous combinations falling somewhere in the middle. Whereas in Galicia and Valencian Community the management instruments tend to be modelled after those in the private sector, in the Canary Islands, Navarre and the Basque Country, models involving complex networks of stakeholders are more common.

#### *Income support*

Income support policies are aimed at providing assistance to those who are poor or excluded, but who in theory are 'capable' of earning a living, and who at the same time do not have access to contributory benefits or any other type of assistance benefits, such as unemployment insurance. In Spain, these policies have tended to be inspired by the French model of income support (*Revenu minimum d'insertion* – RMI). Income support, as the last economic or social assistance safety net, has been regulated by all the *Comunidades Autónomas* since the late 1990s. These regulations are heterogeneous in nature and, in all cases, the income support provided is far below European levels in terms of the sufficiency of the benefit, coverage, financing and the definition of the subjective right to it (Aguilar *et al.*, 1995). In fact, only the Basque Country has an income support system which fully integrates the components of economic benefit and workplace and social integration. Catalonia and Madrid are the communities that are closest to this model, but their levels of sufficiency, coverage and financing are among the lowest of the 17 *Comunidades Autónomas*. (However, it is worth mentioning the case of Navarre, which without meeting the criteria of being income support *per se*, has a protected social employment programme which reaches levels of sufficiency, coverage and financing equal to, and in some cases superior to, those in the Basque Country [Ayala,

2000].) In general, there is no direct correlation, rather a somewhat reverse correlation, between the poverty indexes in the *Comunidades Autónomas* and the levels of sufficiency, coverage and financing of income support programmes.

In the area of income support, the management instruments are public in all the *Comunidades Autónomas*, which is why what has gradually been defined as their main component – economic transfer – is managed by the corresponding public authorities. Nevertheless, insofar as the integration and activation mechanisms (which have to be further developed) are linked to the component of economic transfer, the network of stakeholders involved is potentially very complex. In line with the trends noted in social services and active employment policies, the mechanisms of social and workplace integration can at times involve diverse community stakeholders, both for profit and not-for-profit.

#### *Active employment policies*

It is difficult to draw a map of these interventions due to the recent onset of a comprehensive view of these policies as a series of actions aimed at creating and maintaining employment. Active employment policies have been adopted quite recently by the *Comunidades Autónomas* – the first to receive competencies in this area were Galicia and Catalonia in 1998. Nonetheless, the first employment agreements were signed in 1997 in Andalusia, the Canary Islands and the Basque Country. In the two following years the remaining *Comunidades Autónomas* joined this trend (Ministerio de Trabajo y Asuntos Sociales, 2000). These initiatives have been associated with a high degree of institutional fragmentation, as well as fragmentation in the active policies themselves. In fact, there is a strong presence of multiple governmental domains in the active policies, encompassing everything from the European Union to the local sphere, with each having its own relevant activities. These employment agreements, with different structures and levels of specificity, constitute a series of initiatives promoting employment that is quite homogeneous and similar to the avenues of intervention carried out by the state. On the other hand, in certain *Comunidades Autónomas* there has been an attempt to design active employment policies that are in consonance with other areas of intervention related to economic promotion. Nevertheless, the extent of the *Comunidades Autónomas* engagement in such employment agreements can be further enhanced.

To date, we can observe a significant degree of dependence by the *Comunidades Autónomas* on the instruments for intervention developed by the central government in the areas of occupational training, job orientation and labour intermediation. The interventions in matters of labour policy lack mechanisms for diagnosing the situation, follow-up management and impact assessment that would enable them to be monitored and



updated. The mechanisms for labour intermediation have tended to be duplicated, and they also tend to overlap (the National Employment Institute, INEM, and the homologous employment services in the *Comunidades Autónomas*) without there being a base of coordination between them. Nor have functional links been established with the town halls that participate in this area. Another general trend is the growing participation by social stakeholders and organizations outside the administration in the management of active employment policies. In this way, the employment plans contribute to creating highly plural arenas of coordination. Some differences have already begun to come to light, such as the greater number of initiatives in Andalusia and Navarre compared to the other *Comunidades Autónomas*, and the non-participation by the Basque government in the agreements signed in its community, while the other governments do participate.

In sum, regional welfare reforms over the 1990s have mainly focused on the management dimension. There is no evidence that these reforms have had a substantial differential impact on citizens' rights across regions, as such rights are defined within the general basic legislation enacted at the state level. Some differences have emerged in policies such as income support, but these play a minor role within the Spain welfare system. Such differences are within the domain of regional self-government powers and have produced a 'race to the top' rather than 'race to the bottom' strategy. Such a development may be interpreted as a consequence of the *Comunidades Autónomas*'s lack of full fiscal responsibility. However, this hypothesis could be questioned. The Basque Country and Navarre are the *Comunidades* which have achieved the highest levels of public commitment to income support policies, and they are the only ones with nearly full fiscal responsibility, as they collect and spend almost all their own taxes (except for social security contributions). In any case, the extent to which this 'race to the top' strategy has led to a process of territorial identity-building at the regional level is an empirical matter which has yet to be analysed.

### **Conclusion: the emergence of distinct regional welfare regimes?**

In Spain, the decentralization of the welfare state has led not only to the emergence of public policy choices, which vary on a regional level, but also to the need to replace the concept of the welfare state with that of the welfare regime. Each *Comunidad Autónoma*'s different points of departure, with respect to social structure, resources or institutional background, have revealed the importance of domains other than those of the public authorities in order to understand the policy choices adopted. The distinctive welfare regimes have emerged from the allocation of responsibil-

ities and functions related to welfare (both individual and collective) among the state, private, family and community domains.

Since the end of the 1970s, the Spanish state's responsibilities and capacity for intervention in the social sphere has experienced unprecedented growth. This growth reflects the creation and consolidation of a welfare state which in a short time has reached levels of protection similar (although still below) the European average, taking on functions and responsibilities that had previously fallen on the family, private or community domains. This increased state interventionism via social policies has taken place parallel to an increasing questioning of the welfare state in the more advanced countries. In these countries, the state has tended to lose importance by allocating resources to the market (for the middle classes), and transferring responsibilities to the family and the community (for the working classes). Spain has not been immune to these trends. In the provision of welfare services, the Spanish state, as in other countries, is no longer the only actor in welfare provision and has tended to transfer responsibilities and functions to the market, the family and the community.

In this context, we can plot the different areas of intervention according to the responsibilities taken on by the state, family, private and community domains (Figure 5.1). An overall interpretation of the choices made by the seven *Comunidades Autónomas* with higher ceilings of competencies leads us to conclude that the areas of social services, income support and housing fall mainly under the responsibility and influence of the family and private domains. The low level of intervention of the public domain in these three sectors deflects these functions and their direct and indirect costs to families (depending on their purchasing power). In the case of active employment policies, the weak degree of public intervention, and the difficulty for the family domain to take on job creation, leads these policies to be placed in the sphere of influence of the private and community domains. Nevertheless, the influence of the private domain is greater than that of the community domain, given the weakness of the latter and of the agents involved in it compared to neighbouring countries. The areas of education and health care are those with the highest degree of public intervention, mainly due to the process of making both of these services universal. However, the degree of public intervention in relation to the market (the degree of de-commodification) is higher in health care than in education, since in the latter the twofold public-private network in several *Comunidades Autónomas* shows a broader range of different choices other than the strictly public choice found in the area of health care. Finally, health care, but not education, is shared between the state and family domains (in fact, Spain has one of the lowest rates of hospital beds per inhabitant in Europe [four beds per 1,000 inhabitants, as against 6.1 in the European Union and 7.3 in Europe, in 2001], with families assuming responsibility for care where at-home

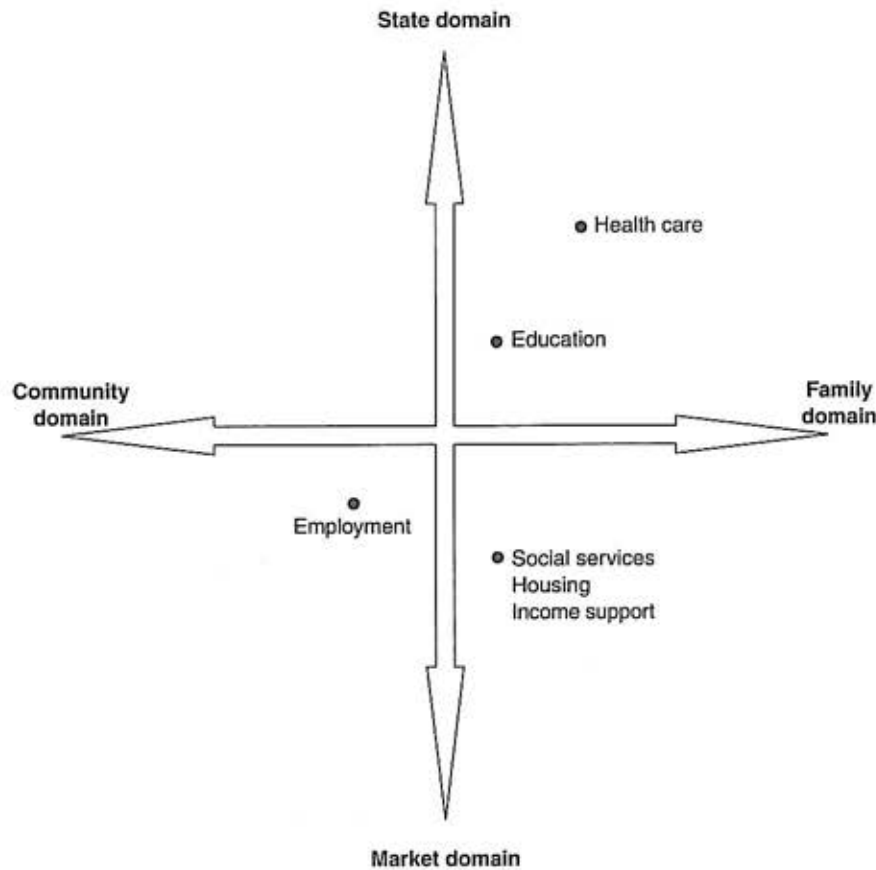


Figure 5.1 Policy domains and welfare regimes (source: adapted from Gallego *et al.* [2003: 227]).

assistance is underdeveloped, as in the Spanish case) (World Health Organization, 2004).

The *Comunidades Autónomas* with the greatest number of competencies can also be plotted in a space that shows the relationship between the state, private, family and community domains. This enables us to identify the welfare regimes in the *Comunidades Autónomas*; that is, the predominant trends that these communities have followed when allocating responsibilities for welfare to the stakeholders in the different social domains (Figure 5.2). A holistic interpretation of the main choices that Andalusia has made in the welfare policies analysed place it in the quadrant defined by the state and family domains. There is a more intense preference here than in the other *Comunidades Autónomas* to promote the public presence and public activities in a *Comunidad Autónoma* where, at

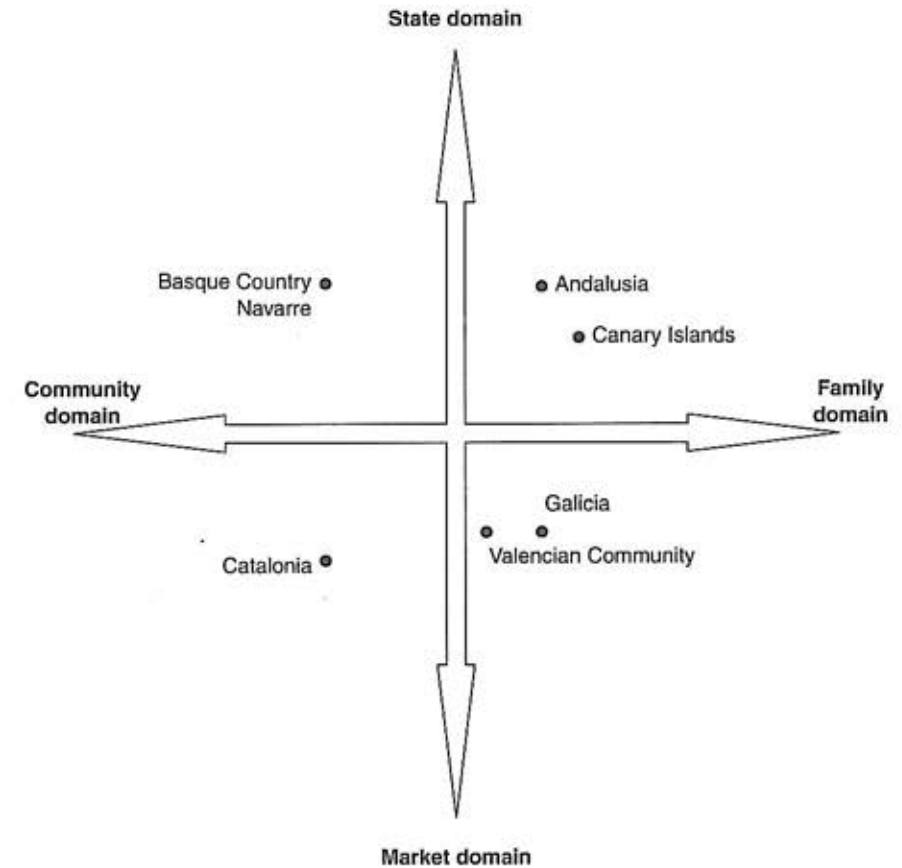


Figure 5.2 *Comunidades Autónomas*' welfare regimes (source: adapted from Gallego *et al.* [2003: 228]).

the same time, the family is highly important when taking on functions and responsibilities not covered by the public sector. Catalonia, on the other hand, has tended to fall within the quadrant defined by the private and community domains. Despite the fact that, as in the other communities, public intervention in Catalonia has experienced an unprecedented increase in the past 20 years, the private and community domains have been promoted both by the institutions and the civil society itself. Indeed, the network of associations in this community is especially dense and dynamic. This latter characteristic is shared to a large extent by the Basque Country and Navarre, but these two communities have stood out, in the majority of policy areas, in their promotion of the public domain above all the others. Finally, Galicia and Valencian Community tend to be situated at the beginning of the quadrant influenced by the family and

private domains. Their choices in the different policy areas have shown a certain degree of weakness in their ability to promote public intervention, although the community domain is neither highly dynamic nor able to take on the welfare functions that are not publicly covered. In the case of Galicia, the family domain has tended to be more prevalent due to its more rural social structure, while in Valencian Community, the market has taken on a more central role.

The different regional welfare regimes that are emerging in Spain as a result of the decentralization of powers to the *Comunidades Autónomas* may pose a challenge to more territorially homogeneous conceptions of the welfare state. However, according to a survey conducted in September 2002 by the *Centro de Investigaciones Sociológicas*, an immense majority of the Spanish population would like the degree of self-government of their community to be either the same as it was then, or even higher (see Table 5.2). The main difference among communities is the distribution of percentages between those preferring the same and those preferring a higher degree of self-government. There are five communities in which 50 per cent of their population or more (up to 68 per cent) would prefer a higher degree, among which there are Catalonia and the Basque Country. In Canary Islands, Galicia, Andalusia and Valencian Community the percentages are more evenly distributed, each choice appealing to around 40

Table 5.2 Would you like the degree of self-government of your community to be higher, lower or the same as it is nowadays?

Comunidades Autónomas	Higher	Same	Lower	Don't know/don't answer
Aragon	68	21	3	8
Catalonia	62	28	5	6
Basque Country	53	30	3	14
Extremadura	52	34	4	11
Balearics	50	38	3	9
Castille and León	47	30	5	18
Canary Islands	46	34	6	14
Castille-La Mancha	41	39	8	11
Galicia	39	46	6	10
Andalusia	38	39	5	19
Valencian Community	36	48	9	7
Asturias	34	40	7	20
Cantabria	32	52	9	7
Madrid	27	54	8	11
Navarre	26	63	1	10
La Rioja	21	59	8	12
Murcia	20	49	15	16

Source: Adapted from Centro de Investigaciones Sociológicas (2003: 9).

Note

This survey was carried out by the governmental agency, Centro de Investigaciones Sociológicas, in September 2002 (study no. 2475).

per cent of their populations. Navarre appears to be an outlier among the Communities with a higher competencies ceiling, as more than 60 per cent would prefer the same degree of self-government.

The institution building process and the increasing role of autonomous governments have provided regions and their political elites with a wide range of identity-building tools and opportunities. Although it cannot be argued that citizens' identity feelings are a direct effect of the policy options of the *Comunidades Autónomas*, it may be interesting to point out some data (see Table 5.3). A large majority of Spaniards express an equal dual identity; that is, their sense of being Spanish is as strong as their sense of being from their own *Comunidad Autónoma*. Only in four communities did those with a dual identity fall below 50 per cent of the population. Among the latter, citizens in Catalonia and the Basque Country, with 40 per cent and 44 per cent respectively, identify either more or only from their community. These figures compare with 31 per cent and 47 per cent for the period 1990–95 (Moreno, 2001: 116). Galicia, Navarre, Canary Islands and Valencian Community have between 50 and 60 per cent of the population with an equal dual identity; the former three with 20 to 25 per cent who feel more from their community, this figure being only 13 per cent in Valencian Community. Among the seven communities analysed, Andalusia shows the highest percentage of population with an equal dual identity (70 per cent, which contrasts with 58 per cent for the period 1990–95), and with 13 per cent feeling more Andalusian than Spanish.

Overall, taking both sets of data together, it could be interpreted that the vast majority of the Spanish population approve of the degree of self-government provided to the *Comunidades Autónomas* as a new regional government level, and that they have developed a dual identity or sense of belonging, which makes compatible simultaneous territorial allegiances. There is evidence that in *Comunidades Autónomas* such as Catalonia and the Basque Country there has been an increase in the percentage of citizens who identify more with their respective communities, and in others such as Andalusia there has been a decrease in those who identify as only Spanish. There is also evidence that in most *Comunidades Autónomas* regional institution-building has itself been used by political elites as a tool to build new regional identities where they did not exist, or to increase existing nationalist political identities (Grau, 2000). However, there is no evidence that the evolution of territorial allegiances are a direct consequence of welfare decentralization, as these survey questions did not link both variables when they were defined. Some case studies do show that nationalist elites in some *Comunidades Autónomas* were aware that self-government in welfare policies could provide them with a tool in the politics of nation-building, as in the case of health policy in Catalonia, and they have explicitly used its leverage (Gallego, 1998). Nonetheless, welfare policies, just as any other policy sector, such as infrastructure or industrial

Table 5.3 With which of the following sentences do you identify to a higher degree?

Comunidades Autónomas	I feel only Spanish	More Spanish than from my community	As Spanish as from my community	More from my community than Spanish	Only from my community	Don't know/don't answer
Extremadura	3	6	75	13	2	1
Aragon	5	5	73	14	1	1
Andalusia	7	7	70	13	2	1
Asturias	4	4	67	21	2	2
Murcia	21	8	66	3	2	0
Galicia	5	4	58	25	7	1
Cantabria	17	11	57	11	0	4
Castille-La Mancha	23	14	57	2	1	4
Navarre	3	4	55	20	11	7
Castille and León	28	12	55	3	2	1
Canary Islands	5	2	52	23	15	3
Valencian Community	21	13	52	13	1	1
La Rioja	8	11	50	18	1	12
Balearics	12	5	49	16	11	8
Madrid	30	14	43	3	2	9
Catalonia	12	8	37	24	16	2
Basque Country	5	3	34	19	25	15

Source: Adapted from Centro de Investigaciones Sociológicas (2003: 10).

#### Note

This survey was carried out by the governmental agency, Centro de Investigaciones Sociológicas, in September 2002 (study no. 2475).

policy, are not in themselves a nation-building tool. Any policy may become a nation-building tool depending on how the political elite conceptualizes, formulates and manages it. Therefore, more research on the connection between nation-building (both at state and regional level) and decentralization of welfare would need to be developed in order to formulate cross-regional generalizable conclusions for the case of Spain.

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## 6 From the southern to the northern question

### Territorial and social politics in Italy

*Valeria Fargion*

#### Introduction

In Chapter 1, the editors of this volume remind us how shared national identity 'represents an essential prerequisite to the functioning of redistributive welfare systems' (cf. Miller, 1995). Given these premises, the case of Italy appears extremely interesting: from its very origins, the Italian state suffered from a low sense of national identity, and almost 150 years later it is still struggling with this crucial issue. Under these circumstances, one can expect Italy to somehow deviate from the path which continental and northern European countries followed. In the latter countries, a widespread sense of national belonging allegedly facilitated the introduction of social protection entitlements, which in turn reinforced the polity's boundaries, and interpersonal bonds within it. By contrast, the weakness of Italian national identity and civic culture – as Almond and Verba suggested in their pioneering work – might be seen as spurring what March and Olsen (1989) define as aggregative politics: an outcome which stands at odds with any integrative strategy aimed at strengthening the common bases of citizenship. In fact, one can easily envisage a vicious circle, whereby the parcelling out of 'provisions', while not challenging the consolidation of state-building processes, further undermined the construction of a sense of national identity. Yet, without a basic understanding of Italy's political, cultural and economic heritage, any further elaboration of this hypothesis rests on shaky grounds. Post-war developments of both territorial and welfare politics are embedded in long-term trends which can hardly be ignored if we are to grasp their rationale and current implications fully. Thus, before turning to an examination of the Italian social protection system from a territorial perspective, I shall first concentrate on the historical junctures that provide the background against which social policy choices are made.

#### Italy and the southern question

A few words are in order on the very origins of the Italian state. Notably, among European nation-states, Italy was a latecomer. The unification of the