“Rethinking the Mediterranean Welfare State: with special attention to Spain in times of crisis“

ABSTRACT:

The Welfare State (WS) in Spain has been expanding for the last thirty years (1978-2008, the period referred to here) having its own specific characteristics and within its own particular context. Due to the crisis of the Keynesian classical model, which became apparent from the mid-seventies onwards at an international level and in Spain from the eighties, it progressively became necessary to restructure the welfare system, as well as to redefine the role of the public sector. After a discussion of the literature and bibliography review, we will analyse the effects of this crisis (which is not only economic and social but also political and institutional) and the changes they have brought about in its contents and management. This is because, in addition to having financial consequences, the instability of the WS impacts upon its own capacity to act and upon its legitimacy. Consequently, the prominence of the different public and social agencies with respect to individuals’ welfare is changing, although the Mediterranean family networks retain their role, especially in times of recession. Therefore, debates will continue concerning its future. Hence, the post-Keynesian WS can be considered to be undergoing constant material readjustments, although the consequent strategic reforms to its character are more qualitative than any other previous reform.

Key Words: Public sector, changes, welfare mix, social policies, family.

Introduction

The WS is the mechanism that has allowed the creation of a robust social protection system; it has reduced tensions and made social and political rights a reality by the use of economic redistribution measures. In the countries of southern Europe these circumstances have co-existed with a sharp political corporatism, elements of leadership and patronage, and even some preferential relationships connected with the distribution of public elements of the WS. It is worth pointing out that of all the advanced industrialised countries of the OECD, those of southern Europe have average levels of decommodification, gender relations and universal access to means tested welfare services (Gomá, R: 1996). In each case, the restructuring of these Latin welfare state systems has required a step-by-step approach to deal with the deep-rooted paternalistic opinions and prudence of conservatives, on the one hand, and the strong desire for change of various progressive groups on the other.

Spain, although closest to the continental model (based on contributions), conforms to the mixed Mediterranean system (as it adopts universalistic principles). It thus represents a middle way between these two principles despite having growing tendencies towards becoming a social assistance system coupled with privatised management. The Spanish WS has functioned as a producer of public goods and services, a provider of social services, a mediator in a wide variety of disputes as well as a driver of private consumption. It
established itself as the main agency, the protagonist, despite lacking a solid financial basis and having levels of social spending well below the European average. However, on analysing the development of this spending as a percentage of GDP, we find a trend towards greater convergence with other southern countries with respect to the European average (Moreno, L: 2009 25).

However, Spanish preferences and cultural practices have structured society like a network, in which individuals are members of socially influential groups, which in the worst case scenario, are not unconnected with unethical or dubious political practices and may be subject to favouritism or discrimination by other groups. These are supported by the structure of the Administration with its bureaucratic processes which are not yet fully modernised and which are overloaded. This has caused protests concerning certain dysfunctional aspects of the autonomic organisation of the state, particularly against organisations subsidised by the public sector who themselves slow down general reforms within the system. These are characteristics that are particular to countries using the Latin model, especially those in the south and, within that group, those that are the furthest south (Ferrara, M: 1995, 85-112).

1. With reference to Spain as a Mediterranean Welfare State

In Spain, the importance of political and historical factors when analysing social security systems is clearly evident: starting with the decisive political regime change from an authoritarian state to a parliamentary monarchy, through the substantial institutional transformations of the Spanish state, to the transition from marked centralism to a system of autonomous communities. Large scale corporatist social agreements that have taken place since the political transition, beginning with the Pacts of Moncloa in 1977, have not taken place on a continuous basis. However, they have been highly significant, despite the relatively limited Spanish experience of this type of agreement given the previous autarky and the tightly controlled trade unions that existed under the dictatorship (Navarro, V: 2006). Gradually the process of democratisation started to give greater prominence to social factors, acceding to the demands of various social groups, in particular those of the labour movement and the trades unions². Greater public spending took place and financial redistribution measures were established to provide a higher level of public services. Clearly, the level of ideological affinity between the governing party and those who wanted to bring about greater social change contributed to the amount of progress in this area.

Indeed, the initial social and historic-political context in which the process of industrialisation and the development of modern capitalism took place was the main factor which determined the particular features of the Spanish WS. At the same time, the economic structures that existed were suffering from significant imbalances which, without sufficient reserves, caused the Spanish WS to develop later than that of other Western countries.

From these beginnings, which started slowly in the sixties but which became more prominent from the point at which the Constitution defined Spain as a social and democratic State, subject to the rule of law (article 1 of the Spanish Constitution, 1978), the WS has developed
continuously over almost the last thirty years. This development in Spain has been marked by administrative decentralisation (into regional autonomies) within the general framework of European integration and, thereby, being subject to international pressures. It has also been characterised by a gradual transformation in the role of the family and by an uneven development in the role of society in general within the WS system. All this has taken place within a context of structural concerns about the economy (Moreno, L: 2009, 346), with recession happening at certain times in the eighties, in the mid-nineties and the serious concerns of the present day. Whatever the case, it is a model where those in the labour market (albeit with a low level of union membership) have enjoyed a high level of protection thanks to collective bargaining, especially in times of political tension within the democracy. (Rodríguez Cabrero, G: 1989, 79-87).

In general, the Latin form of the WS (which is the case of Spain, amongst others) has not been included in the comparative studies carried out by specialists for quite some time, due to its particular socio-political features. These countries that border the Mediterranean, each starting from its own specific circumstances, later started to position them within the neo-corporatist, continental regime, differentiated in turn by certain characteristics that identify them as falling within the specific Mediterranean model. Simultaneously, the pluralism of welfare provision and the links between gender, family and work are complementary as far as welfare practices are concerned, which often include mechanisms that particularly benefit some groups, together with a service delivery which is not always efficient.

This classification follows the types of welfare systems established by Esping-Andersen (1989 and 2000). The Classical model, centred very much upon Sweden, in which the main independent variable is the State; an overly static model which pays insufficient attention to dynamic factors. Either way, this Latin model can be described as having a hybrid nature or being a middle way between the continental Bismarkian systems, with its maintenance of occupational incomes and the Beveridgean model of universalism coverage. Indeed, even though it started from clear contributory principles as a subsystem within the continental model, universalism reforms have taken place within it, such as the expansion of the public education system, the widening of Social Security coverage and the establishment of income guarantees (e.g. non-contributory pensions).

The General Health Act of 1986, the Education Act of 1990 and the Non-contributory Pensions Act of the same year, together with the continuance of the contributory Social Insurance system (the law dating from 1963), have placed Spain in the best position, equidistant between the two models discussed above. This runs in parallel with a Social Services system that evolved from the development of the regional autonomic legislation in the Constitution in 1978, even though from 1960 to 1980 this was a dual model (free assistance and contributory). However, from the eighties it has been both formally and legally universal, but in practice it varies between this and a free healthcare system which is suffering an identity crisis given both its technical and structural fragmentation. This leads us to question its supposed universalism and the nature of the system which is disorganised and deficient (Aguilar, M, 2009:187). The countries that conform to the intermediate and/or
mixed model are necessarily those with strong family ties, different needs and life styles, where universalism and selectivity coexist (Moreno, L: 2001:71ff).

In summary, the pillars on which such Mediterranean Welfare State systems rest are made up of various factors, firstly, political and institutional, tending towards a universal provision of public services, especially in health and education; secondly, the family, highlighting the traditional role of women as both producers and reproducers; thirdly, the economy, with its pursuit of full employment (the main threat in our case, given the serious unemployment problems in Spain), generating a huge black economy (which is nearly 25% of the Italian); and finally, social, leaving the individuals to formulate and define their requirements and to meet them amongst themselves. The system has gone from an interventionist socio-economic pattern, which did little in the way of redistribution, to one which is less interventionist and somewhat more redistributative. This has been brought about by virtue of the social transformations, political changes and economic liberalisation all of which have brought us closer to the European social model (Gutiérrez Junquera, P: 2000, 247-277).

2. Crises and general reforms in the Mediterranean Welfare State: diversity of processes and contexts.

First of all we will examine important social, economic and institutional changes which have occurred in the underlying operating principles which affect the performance of the classical Keynesian WS and the consequences thereof. Starting with the classic social stratification, the large middle-class layer that traditionally prevailed during the main growth phases of the WS, has changed as a consequence of the fragmentation of the labour market into a society with a different class structure. On the one hand, living standards have increased with improvements in health, education, leisure etc., but on the other hand, and in parallel with these improvements, inequalities and divisions have becomes more marked in a variety of different areas such as social origin or class, discrimination by sex, ethnicity or age. All these are classic factors but the way in which they interact with the welfare system is both complex and multi-dimensional. Also, fractures reappear (employed/unemployed) resulting in new forms of exclusion (undocumented or illegal immigrants, the homeless), especially when the range of welfare coverage has been subject to restrictions. This generates a clear two-tier system which differentiates between those who are in the system and those who are not (insiders/outsiders). The inside/outside dimension can now be added to the traditional up/down dimension. Moreover, the continental model is, in principle, characterised by reproducing the traditional divisions of status between different types of workers and between the genders because the Social Insurance system provides different services depending upon whether they are public or private, permanent or contract, male or female, nationals or immigrants (see Arriba, A: 2008).

Secondly, with the corporatist principles and trends (for which there is no general agreement as to their character nor in their repercussions) reference is made to the gradual influence of various organisations in the process of structuring and representing of interests and to the
management of conflicts, areas in which members fight for material recompense and status (Pérez Yruela, M.: 1997, 136). Following the failure of the strategy of global, centralised agreements and given the decline in union membership, the main trades unions sought to replace these by more limited agreements with the government. This has gradually been moving towards a reorganisation of negotiating power which is now becoming more specialist and which is carried out by collective actors. These groups are not now as unionised but more dispersed, and have particular variables specific to each country, which, in all cases reflect of the internal disintegration of the labour market.

There are underlying factors, such as the new arrangements for international competition where the free market dominates, the lapsing of the Keynesian model together with the forces of Neoliberalism and economic globalisation. These operate alongside new productive and competitive relationships which have been the driving factors behind the resurgence of certain parts of the private sector (Gilbert Sánchez, JA: 2002). As a consequence, this model of the WS faced a crisis, especially in continental Europe, where, in general, the level of economic activity is lower, especially since early retirement started to be encouraged. At this time this ever-present debate is being reopened, in an attempt to counteract the move towards early retirement so as to facilitate the future sustainability of the public pensions system. On the other hand, the welfare system must adapt to a wider range of pressures but most importantly, it must build a dialogue between the various social agencies. This is a key question in the current agenda of the second term of President Zapatero’s government. It is something that has been repeatedly demanded but which has been difficult to achieve during the last three years of this legislature.

Finally, taking into account the factors above, we see the third significant change - the substantial erosion of social cohesion. At this point in time with the extension of state welfare provision and, consequently with the reduction in contributions, some benefits are provided a minimum level of assistance which is dependent on having employment. Hence social integration is seen both as assistencial and incomplete given that it must adapt to the fluctuating demands of the labour market where flexibility and current neoliberal deregulation predominate, occasionally finding itself in undesirable situations of social polarisation.

From this point on we will focus on demographic, family and labour market processes which are either new or modified and which have been instrumental in the restructuring of the WS. On one hand, the ageing of the population in Europe is both clear and well-known (especially in Spain). This has caused an inversion of the previous population pyramid and greater dependence between generations by virtue of the sharp decrease in the birth rate (partly compensated at the present time by births within the immigrant population, a group comprising 4.5 million people in 2008, approximately 10% of the total population). Life cycles have changed in such a way that the passive phases have grown due to the extension of education with a consequent delay in the incorporation into the labour market and, at the same time longevity has increased (with the highest life expectancy in the EU); whilst the active phase has been reduced by between eight and ten years. This has increasingly aggravated what has been called “the ageing of ageing”, that is the population group that is
more than eighty years old, whose rate of growth will be greater than the group that is more than sixty-five years of age as a whole.\textsuperscript{11}

The transformations that have taken place in the family have also been hugely important both in Spain and in the EU as a whole (Flaquer, L: 1999). The family has evolved into a key institution (despite the fact that extended family ties have become weaker) which now exists alongside the proliferation of singles and divorcees, giving rise to new forms of co-habitation with an increasing number of single-parent families.\textsuperscript{12} Socialisation in such families has become restricted to its nucleus, the relationships with other family members tending to dissolve. This has also affected other phenomena such as greater geographic and occupational mobility. The increase in broken homes fosters the growth of instability, single person households being the most vulnerable. Structural difficulties, particularly acute in Spain, such as the housing shortage, the mismatch between education and job opportunities, higher unemployment among young people who only live independently when they reach thirty years of age (the latest in the EU), in short, create new obstacles to the creation and expansion of families and thus, new dilemmas for the post-Keynesian WS (Valiente, C., Pérez-Díaz, V. y Chulia, E: 2000).

In addition to the changes that have taken place, job structures have fragmented as the labour markets have become more flexible such that the classic, full-time, permanent job has coexisted and frequently been replaced (especially amongst young people new to the job market and, too often, amongst women) by uncertain, temporary, part-time jobs and these are more mobile and are more common in this age of informational capitalism (Cachón, L: 2004).

As a consequence, the classic model of the WS in modern, industrial societies based on Fordism (mass consumption), where traditional families are based around a male breadwinner in a stable job, has evolved since the international recession of 1973. Hence, in order to support their families, a double salary\textsuperscript{13} frequently became necessary, as did the need to be more flexible regarding customs and timetables, in which the rigid distinction between home and work, appropriate to a patriarchal family, did not fit. However, the adoption of this model is receding\textsuperscript{14} in favour of a system of “one and a half salaries” (especially in southern Europe where there are six times as many female part-time workers as there are male ones) and in which the gender division is being reintroduced\textsuperscript{15}. Thus, the system is not without its critics because it induces sexual segregation back into the world of work as it tends only to be women who go to work part-time due to their domestic responsibilities. However, even women who work part-time become less involved with their families and in the numerous educational and care giving tasks in connection with their children, a situation which also has its detractors, but which society seems to accept without much critical consideration (Guillén, A.M.: 1997, 45-63 and Salido, O: 2009).

The progressive incorporation of women into the formal labour market during recent decades is having critical repercussions. In fact, in the exploratory analyses of the future Mediterranean WS, the persistent independent variable is the transformation of the traditional female role as the person who encourages strong ties within the family. Nevertheless, this
changing role of women with respect to their life expectations reflects the attitudes of the so-called “ambivalent family roles” (Saraceno, C.: 1995, 275). At the same time her search for economic independence and her desire for professional achievement corresponding to her level of formal education has postponed the formation of families, especially in conventional terms. This is the real incognita of its future transformation, relying on the family would be a Trojan Horse within the Latin welfare state system (Esping Andersen, G: 1996, 368). Uncertainty about domestic tasks and child care are very difficult to quantify (part of the GDP which is not quantified) but this is a key asset even though it is hidden within the national accounting frameworks of these countries (see García Díez, S: 2003).

All this runs in parallel with the tendencies towards individualism and the need for privacy and so to new social risks along with the rural emigration to the large cities. Indeed, in our industrialised world, increased social complexity brings with it new challenges and new needs such as growing insecurity and loneliness (particularly acute amongst the elderly and dependent patients16). Different types of health problems emerge, alongside the challenges and obvious advances in the fields of communication, biotechnology, nutrition, environment etc.

At the same time, the new information and communication technologies (ICTs), which became prominent in the nineties, the decade in which Welfare States were restructured, are clear contributing factors to the rapid processes of economic and cultural globalisation (Sykes, R., Palier, B. & Prior, P.:2001). In parallel with the economic slowdown, the post-industrial economies are increasingly basing themselves on services and technology. This has lead to a reduction in the number of workers in the manufacturing sector and, ultimately to a reduction in union membership17. Unions have had to strike a difficult balance between defending the working class in general and looking after those who enjoy job security and they are no longer seen as being sufficiently representative of the great diversity of roles within the social-economic landscape18. Moreover, due to the reduction in the administrative contributions and to its own organisational difficulties, they are endangering their own objectives through making concessions (e.g. in the productive reinvestment of surpluses, occupational flexibility, job sharing and tax fraud). Seeking to face up to the organisational weaknesses, the negative effects of social “dumping” on developing countries19 and the delocalisation of businesses, the unions are attempting to build a greater consensus between social agencies as well as dealing with the latest international financial crisis (Antón, A: 2009).

On the other hand, the adversities that the traditional continental WS covered was limited to the passive phases (childhood and old age) - the eventualities of the active phase were considered to be covered by high employment rates and high wages. However, with the insecurity and fragmentation of the job market, new uncertainties have multiplied and developed. Thus the WS must be active during the inactive phases of the individual and also during the individual’s working life given that the key factor of a successful Keynesian WS, full employment, no longer exists. Moreover, the corporatist WS continues to be ruled by principles of formal equality, no longer appropriate for existing relationships. It does not protect sufficiently nor satisfactorily against the various needs and eventualities of the social
spectrum as it relies on employment and leaves those who are not genuinely linked to the world of work without representation or protection, nor does it cover other types of risk. The level of social spending, the poor quality of services and the size of the public sector bring into question public support for the system. This leads to the contradictory conclusion that the WS cannot exist without the capitalist system, but neither can it sustain itself within that system (see Offe, C: 1990).

In fact, Esping-Andersen has already spoken about the “euro-sclerosis” of the continental model where the rigidity of the labour market, rising unemployment and the lack of productivity growth in the services sector (the Baumol curve) will lead sooner or later to its demise. Attempts have been made to combat this with the income maintenance (pensions and subsidies) or the support of those in passive phases which, at the end of the day has caused damage to the process of generating employment (in the case of women, amongst other factors, is the absence of sufficient childcare facilities which would allow mothers to enter the world of work) (León Borja, M:2002).

In such a situation, it seems especially difficult to maintain the status quo. The consequences, from the most pessimistic point of view, would be the breakdown of the criteria of universal solidarity. This would imply both the transfer of responsibilities from the public to the private sector as well as the weakening of redistribution criteria, currently managed centrally, as they are devolved to the regions. In any case, in its defence, it is worth mentioning that the average levels of collective, contractual coverage that these welfare states offer are high, involving complex negotiations between regions and sectors and where the intervention of the state in the labour market is seen as normal practice.

3. Changes in the form and content of the Spanish Welfare State: discussions and trends.

The most important processes that are happening in this reconfiguration are in the two fundamental areas of management (how the services are delivered) and content (what services are provided). The changes that have taken place in the management of social policy are increasingly evident. They are characterised by gradual internationalisation and economic integration (IMF, ECB) on the one hand, and decentralisation on the other, this latter being a process which is occurring throughout Europe. (Espina, A: 2007). The EU has thus been significant in both quantitative and qualitative terms, particularly as regards the impact of structural funds and in community design. In addition, the elements by which the WS is defined tend to favour processes of decentralisation, especially in the provision of personal social services and in the fight against poverty whose delivery has, naturally, become closer to the end user (Brugué, J & Gomà, R: 1998 39-56).

Greater opportunities for participation, social control and transparency, created as a result of this greater closeness, have allowed local and regional policies to have more real content. However, there are often coordination problems, duplication, overlaps and inequalities in outcomes which are created in the implementation of their programmes, contrary to what was
intended. In order to address these difficulties, the state Administration has tended to focus on: the economic adjustments required by international requirements, the formulation of rules governing the interaction between agencies and their particular objectives, as well as the creation of passive policies (income guarantees etc.) and active policies (educational, vocational, employment, R&D). The autonomous communities, meanwhile, carry out the policies having been given the authority to intervene more directly, taking the responsibility for 80% of social spending and having a progressively clearer role in active measures.

The way in which the provision of social services is being reorganised has lead to some shifting of responsibilities that were previously mainly in the public sector, to other areas, particularly the private sector and voluntary groups, thereby expanding their roles. It is, perhaps, better to speak of two distinct processes. On the one hand is the growth in market integration within the ambit of the WS, in which the management of welfare services is carried out jointly between the public and private sectors or by the private sector alone. This allows the administration to reduce costs as well as reducing their responsibilities. It creates a tendency towards “privatised selectivity” which allows the recipient of services to have some choice in service provision and which, therefore, allows the free market to expand its scope. In the end this will lead to a weakening in the social entitlement, especially as the services offered by the private sector presuppose that the end user will be able reduce their tax burden thus lessening the principle of mutual support or solidarity between citizens (e.g. private pension plans).

The rise of the non-profit sector, assisted by its official status (Law 6/1996 of the Voluntary Sector), makes new forms of participation in the welfare sector possible, as well as allowing cuts in public expenditure. In contrast, however, the race between NGOs for grants which allow them to survive makes them economically dependent on the State. Curiously, however, they are also subject to the strategic criteria of competition, as in the business world, and some of them have to compete with each other and, increasingly, with the private sector. Either way, intermediate communities have become increasingly powerful in their ability to influence social policy. The more staunch activists will even speak of “association’s welfare”, believing strongly in the importance of this development and in the social economy (associations, foundations, cooperatives, organisations who assist people back into the work etc.).

With respect to the content of the WS and in line with its philosophy, there is a strong tendency towards “segmented universalism”, given the need to adapt to new circumstances, both organisationally and economically. Therefore, bearing in mind the divisions within the labour market, various levels of coverage have been created: firstly, discretionary needs are increasingly being met by the private sector, for example, in social services, health, pension plans etc., where the public sector fails to do so, thanks to savings held by the citizens. Secondly, coverage related to the individual’s work (which represents the largest of the three levels) which is linked to the contributions of the worker or business owner, particularly covering situations caused by the loss of employment, health, the head of the family etc. Finally, the most basic or social assistance level is a safety net for those who, being unable to
work, are able to prove that they have insufficient resources, or for those who have made insufficient contributions.

In any case, the separation between the two systems is a feature that most social protection systems have in common. However the borderline between them, which was once clearly defined, is becoming increasingly blurred given the hybridisation of the models which has occurred through the various reforms that have taken place (Palier, B. y Martín, C: 2008). In general terms, the first of them, the Bismarkian, is thought of in a more restricted manner with respect to the way it handles collective forms of security which are dependent on contributions which are made during the individual’s working life.

In contrast, the second of these, the social assistance model, is more concerned with services not covered by Social Insurance so as to guarantee a minimum level of welfare to all individuals (Beveridge’s principle) which is independent of work. Basic minimums in the areas of education, health and social services, financed though taxation, tend to be universal, as they are areas in which the involvement of the private sector is growing by means of the agreements with the state funding of private (schools, medical centre…) which is more prevalent in Spain than in neighbouring countries. In addition, the dominance of economic over social policy continues to be a constant factor in these processes, given the particular context and the global situation. Hence, the WS must be considered as a competitive entity with transfers of fiscal tax from the capital burden to labour forces and a reduction in levels of protection, restricting the availability of services, thereby attempting to rationalise expenditure and/or to adjust to the new environment. In summary, it is a trend towards recalibration which is most often seen in the Continental European model. The measures, though not exclusively cut backs, have all resulted in containment of the WS.

Even though the management of the WS has undergone major changes in its operation, it continues to adhere to the same guiding principles. Although there has been some reduction in how certain social entitlements are met, this does not constitute a dismantling of the WS nor the elimination of any entitlements already achieved. In fact, no Spanish government would openly support this because of the high electoral costs it would imply. They would prefer to adopt measures to eradicate fraud, encourage recipients of social services to play a more active role (by enabling and empowering), institute selective benefits (through targeted programmes) and apply means testing, all of which are measures that have been imported from the Anglo-Saxon world.

4. Conclusions

As a result of the all the above, social welfare has expanded while, at the same time, the level of state coverage has reduced. The requirements for access to publicly funded services have become more stringent such that, those individuals with sufficient financial resources increasingly choose to use the private sector. In parallel with the gradual move towards meeting social needs through services offered by the private sector, the philosophy underlying the strategies involving families and welfare in general, is changing (Gil Calvo, E,
and Garrido, L: 2002). Although in the south, families tend to pool resources and transfer property (businesses, homes etc.) which mitigate the difficulties they face, the traditional relationships of reciprocity and mutual support between generations are becoming increasingly weak in both their informal networks as well as in their local and regional communities. It is increasingly the responsibility of each individual to make certain that they protect their own entitlements, particularly through ensuring they have employment.

This approach, which is becoming increasingly prevalent in Western democracies, will, ultimately, lead to new inequalities and social risks, with previous ones reappearing and new ones becoming apparent. However, the debate between this clear tendency towards “segmented universalism” and the so-called “universalism of the individual” (founded on the principle of minimum income irrespective of working status (see Ayala L: 2000) and supported by those who adopt more progressive and radical positions) is not over (Deacon, A: 2002).

To deal with atypical risks, Continental European WS have either relied on continued family support or they have added ad hoc non-contributory programmes, such as social pensions and various social minima to the system. An overly transfer-biased social policy is, arguably, an ineffective response to social exclusion. There is now a clear realization across Continental Europe that services, especially for small children and elderly are urgent priority. Yet, the fiscal capacity to respond is limited due to a narrow tax base combined with costly pension commitments. The model is unusually vulnerable to employment stagnation and to high inactivity rates. Hence, expanding employment among women and older workers becomes *sine qua non* for long term sustainability.

Passive income maintenance, combined with strong job guarantees for male breadwinners, becomes problematic with rising marital instability and non-conventional household. Strong protection for the stably employed combined with huge barriers to labour market entry, has in many countries, nurtured a deepening abyss between the privileged “insiders” and precarious “outsiders”. It strong reliance on the family absorbs many of the social risks, it simultaneously negatively affects women’s search for economic independency. (Esping-Andersen, 2002: 16 y 17).

The fundamental question to be answered is which model of the WS is the most desirable, the most practical and the most appropriate, given the current circumstances. Some favour the reductions of the role of the WS while others, faced with the possibility that the WS may be dismantled, support making whatever changes is necessary to keep the system running. The least optimistic view regards a reduction in social policies based on selectivity criteria as inevitable. Supporters of this view believe that it is only through greater selectivity, and even restrictions on access to entitlements, that the crisis can be overcome. The neo-liberals argue that the ability of individuals to save is reduced in line with the higher tax burden that is needed to defray social expenditure. This decreases investment and, thereby, reduces employment generation, economic activity and consumer demand; hence the reduction of inequalities through public policies will end up becoming a vicious circle leading to a crisis within the WS. Those that wish to retain the WS attack this line of reasoning, citing lack of
proof or, conversely, stating that the evidence does not demonstrate that economic growth necessarily implies greater equality and social welfare for all, nor that the savings achieved go directly towards investments that result in higher employment or an improved quality of life in general. They advocate retention of universal services, although with a larger measures of rationalisation and coordination, made by a cooperative effort, which would allow social entitlements to be enhanced. Some authors, therefore, speak of the qualitative leap that must be made in public services in the coming decades (e.g. Gomà, R and Subirats, J.: 2001, 29, Navarro, V and Rodriguez Cabrero, G.).

A suggested half-way house between the two previous approaches proposes the safeguarding of a minimum level of social security, combined with a free market approach which allows the end user a choice. Social protection would be intended exclusively for those who genuinely needed it, which, amongst other lines of argument, is because of the proven relationship between the tendency towards unlimited growth in demand for goods and those that are provided free of charge. However, it may be objected that it is very biased to only apply the economic yardstick of income to select the recipients of benefits, as it is in the private sector (only feasible for those who can afford it), as this will not always cover all social risks fully and properly (Donati, P: 1998: 7-35). In any case, there is increasing mention of “flexi-security” as the future hub of many policies (employment, youth, family, pensions etc.)

For their part, the voluntary sector and family involvement (mainly advocated by conservatives) are not, on their own, sustainable as viable options for the WS. This is because the voluntary sector is mostly made up of young people who are students or who are unemployed, as well as women and retired people, so it cannot offer a complete solution. Moreover, their involvement is not spread evenly across the country so it does not match up with the demand in areas of greater need. Social welfare offered by the family, with the previously mentioned changes and instability, together with the impossible to sustain role of superwoman and greater human longevity, make it highly improbable that it can face up to the challenges without sufficient support of many different types and the necessary asset transfers between generations (Esping-Andersen, G: 1996,2000, and Moreno, L, 2002).

In conclusion, in an environment of crisis with the economic dominance of the neo-liberals and in an overall situation of financial globalisation, governments are tending to restrict their WS more than expand them. The fact is that the changes that our model of WS has undergone have been those of restructuring with both expansions and cuts. Thus, even though it has suffered a certain retreat in recent times, this cannot be classified as a significant reduction despite the obvious arguments regarding its content which have sometimes been contradictory and at other times ambivalent, and the harsh criticism it has faced, especially as regards its financial aspects.

**Author’s Final Note**
One question that has not been addressed here is the arrival of the most serious and most devastating crisis since the second half of the 20th century which started in 2008 and has continued for the last three years. This has been due to the bursting of the international financial bubble which, in Spain, has been aggravated by acute housing problems. Although the crisis has taken place on a global scale, it appears to have had a greater effect on the Euro-zone countries, given the different economic realities that exist in each country and the lack of strong EU leadership, with the Mediterranean or peripheral countries (thus including Ireland) being in the eye of the hurricane. The crisis is on such a scale that it necessitates a change in the productive economic model such that it can operate within a sustainable economy while at the same time maintaining the split between public services and market forces which governments are committed to by financial imperatives. One arrives at the paradox that the deeply indebted and weakened WS will end up rescuing the banking sector following the general economic recovery in order to avoid the greater damage that would be caused by bankruptcies. However, this is likely to cause growing political disaffection and public demonstrations against rising unemployment and continual social change. There are still many more measures that will have to be adopted in the important question of employment reform as well as in the areas of pensions, tax, education, energy etc. It should be noted that such measures are not normally implemented in times of economic prosperity but end up being carried out during a crisis period such as the current one. This happens both as a reaction and a requirement and also because of avoidance of blame, given that the public tend to be more understanding of cuts during such times. As can be seen, the impact of all this is so wide ranging and important that the scenario merits becoming the object of a future study.

5. Bibliography’s References:


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1 Bearing in mind that the concept “de-commodification” refers to the degree to which individuals or families can uphold a socially acceptable standard of living independent of market participation. It occurs when a service is rendered as a matter of right and when a person can maintain a livelihood without reliance on the market.

2 That the party in power is a crucial factor in explaining the development of the welfare state is the argument put forward, amongst others, by Korpi and by Ochando, the latter taking support from the hypothesis of the resources of power or the Theory of Social Democracy. (Ochando, C: 1999, op cit, 155 and ff). Even though some others maintain that ‘the domination of the political parties of the left does not increase the spending on welfare [...] any influence whatsoever is weak and indirect’ as pointed out by Wilensky, HL: 1981, 355.

3 Also conforming to this model alongside Spain are other Southern countries such as Italy, Greece and Portugal which all share similarities in values, historical roots, cultures, institutional arrangements, role of the Catholic Church etc. Ireland also has many parallels in levels of social spending, type of economy, family structures and arrangements as well as similar demographic trends and socio-economic conditions.


RODRÍGUEZ CABRERO, G y SOTELSEK SALEM, D (eds.): Apuntes sobre Bienestar Social, Alcalá de Henares, Servicio de Publicaciones de Universidad de Alcalá, 2002.


As much political (they have had to move to democracies from authoritarian regimes), socio-cultural (especially the role of the extended family, more matriarchal families, the role of ecclesiastical organisations) as economic (they suffered delays in the process of modernisation - except the north of Italy and Spain - they mainly show the lowest percentages of social spending, a quarter of the underdeveloped regions in the previous 15 member states of the EU were in the south of Italy and Spain).

Who established the following models: the Nordic, universalist, social-democratic model, the continental, based on contributions, Christian democratic model and the Anglo Saxon liberal healthcare model in his publication of 1989. Later, in 2000 he would put forward three others: the fourth world of the Antipodes (New Zealand and Australia), that of the Mediterranean and that of eastern Asia, making a total of six models which include between 18 and 20 countries.

The importance of the state through strong interventions, as occurs in the social-democratic model of the Nordic countries, by means of a social contract in the continental corporatist model or with the specific feature of a subordinated population, as with the Latin model.

If at the end of the 20th century the proportion was 5 individuals of working age for each retired person, around 2040 the ratio will reduce to half of that, i.e. 2.5:1, thus the burden will double as there are a reduced number of active individuals for each passive person. Thus the general burden of dependence is becoming worse as the data from the OECD has already indicated (OECD 1994).

Indeed since the middle of the nineties social agreements have again followed particular themes. By way of examples - the Pact of Toledo concerning pensions; the Pact of Economic Stability concerning minimum wages for social integration, health, dependence, labour reform; the Education Act for which agreement has been sought but never reached.

The number of people over 65 years of age doubled in the last thirty years of the 20th century, exceeding 3.3 million people in 1970 (equivalent to 9.7% of the total population) to more than 6.6 million people in 2000 (equivalent to 16.6% of the total population). IMSERSO: 2004, 15ff.

In contrast to the earlier traditional Spanish model of large families, the number of children per fertile woman has reduced and the age at which she has children has become much later. In spite of the drop in the birth rate of the southern countries (the lowest in Europe being in Spain and Italy), this does not imply that the number of mothers has reduced by the same amount. That is, birth rates have reduced and the age at which women have children has increased but motherhood has not been rejected. In 1998 the birth rate had reduced to 1.16, whereas in 1970 it was 2.88.

As a consequence of the ageing of the older population, the group of people over 80 years of age has doubled in just twenty years (between 1970 and 1990), going from half a million to more than 1.1 million people. Estimates strongly suggest that this number will exceed 2.9 million in 2016 which, in relative terms implies that by this date 6.1 out of every 100 Spanish people (three out of every ten people over 65 years of age) will be over 80. IMSERSO, op cit.

This phenomenon, which in the USA makes up a fifth of the population, in Sweden, the Netherlands, the United Kingdom and Canada makes up between 10 and 15% only makes up 5% of the population in southern Europe. In Spain the percentage of single parent families is 7.10% according to data from the National Institute for Statistics: Continuing Questionnaire about Family Budgets Third Term, 2000.

The family with two wage earners is the norm (over 80%) in Scandinavia, common in Great Britain, the USA and France (around 60-65%) and not that common in Germany and the countries of southern Europe such as Spain and Italy, where less than half of families have two wage earners. OECD: 2005.

The policies that have emerged following the supposed crisis of the “dual breadwinner model” are of a completely new type. They propose measures such as equality in the area of reproduction and shared part-time salaries.
This is because striking the balance between family life and work has become the norm and as far as the southern countries go, women’s work tends to be less well paid and, due to the lack of childcare facilities, it is the woman who gives up work or who opts for working half days.

In Europe in general, most elderly people live alone or in residences, although Spain and Italy are the exception where around 40% of the elderly live with their children. Lack of support along with other factors gave rise the “Law of Dependence” (2006) which had widespread political and popular support.

The influence of unions has diminished significantly particularly in small and medium sized enterprises in Spain (whose workers and owners are so important, making up 80% of the working population).

Another fundamental cause of this weakening in the unions, specifically with the major unions which had great influence and authority in the transition to democracy and who were the drivers behind the fulfilment of the obligations of the Pacts of Moncloa and of many other agreements in the eighties, has been the reduction in the political influence of left wing parties on the management of the unions and their affiliates and this has made their organisational weakness more obvious.

These are characterised by more aggressive economies and are thus known as ‘Asian tigers’. They are the countries of south-west of Asia, such as Korea and Taiwan; those on the edge of the main centres of production in Europe; ex-Communist European countries; Morocco, Algeria and Tunisia and the more developed Latin American countries.

In addition, the actual data that various empirical studies have provided do not show drastic reductions in the expansion of social programmes. Sotelsek Salem, D y Rodríguez Cabrero, G (eds.): 2002, 21. For information concerning the arguments and questioning of the indicator of social spending, see Moreno, L: 2009, 40 y 41.

It must be stated that, even if in terms of efficiency this approach is intended to create a stimulus which will avoid falling into marginalisation whilst at the same time it is justified by its aim of eradicating fraudulent access to services, financing of this is difficult when it is put into practice.