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Spain's National Report on Policy Maps of Welfare Reform

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INTRODUCTION: AN OVERVIEW OF THE DEBATE ON SOCIAL POLICY IN SPAIN THROUGH THE POLICY MAPS

Social policy reforms in Spain (1985-2002). Bargaining, conflict and path dependency

The Spanish welfare state came into being relatively recently in history. Although the economic and institutional basis of the present model of welfare state was laid down during the sixties and up to the political transition in 1977, it is true that the period 1977-1990 witnessed a long and intense process of reforms which led to the creation of a welfare state with incomplete universal cover and little degree of protection. From 1994 onwards a complex process of restraint in the growth of public expenditure began, with an advance in privatisation in services, and a relative amount of ideological questioning which favoured a civil society of opportunity.

While the universalisation of health and education services occurred during the eighties and the start of the nineties, and achieved broad social and political consensus (as well as significant effects in redistributing and reducing poverty), a consensus which broke down in the area of educational reform in 2002 (Law on Quality) but was reaffirmed in the case of health at the end of that year (Law on Cohesion of the Health System), there are however a number of areas of the welfare state in which political reforming tension has been intense, unequal, and not without conflict. We shall now briefly review these reforms, further elaboration on which can be found in the policy maps below these lines.

Firstly, the reform of the labour market has been the most complex and conflictive, and has given rise to several general strikes, the most recent one in June 2002, which reflected nothing other than the tension and confrontation between the social and political partners, given very difficult objectives to reconcile: to create jobs in a country with high rates of unemployment, to reduce the costs of dismissal and increase/reduce unemployment benefit. Between the reforms from 1994 to 2002 which gave rise to general strikes, there have also been moments of consensus and agreement over reducing the rate of insecure employment (1997), precariousness, and segmentation, at the same time as an increase in part-time contracts, in this last case with little success. In this field, as indicated in the policy map on employment and stimulating the labour market, the dominant policy has been dissent, and political agreement the exception. Perhaps it is in this area of social policy where the tension between neo-liberalism and path dependency has been most intense and conflict ridden.

Secondly, regarding policies of social integration and minimum income, reform has been characterised in general by consensus and exceptionally by dissent. As a consequence, there has been a thorough rationalisation of non-contributory pensions (1990) and an expansion of protection mechanisms for social integration at the level of the self-governing regions (*Comunidades Autónomas* or Autonomous Communities', ACs). A universal and coordinated network of public minimum income has not been built but there has, indeed, been a notable extension of financial benefits, and to a much lesser extent in personal social services and social and labour market integration. In spite of this, social welfare expenditure on integration is negligible; there is little social

protection; a strong hierarchy between the different benefits; and a high degree of tension can be felt between the benefit-based system and positive action directed at protection, which reflects nothing other than the confrontation between neo-liberal and social democratic views in this area. Although the balance of the reforming process has been positive in terms of extending social rights to different groups of individuals in circumstances of social exclusion and precariousness, it is also true that social reforms have not been able to prevent regional imbalances, the segregation of intervention programmes, and an inability to produce a law on basic social rights which is guaranteed by central government, whose degree of commitment has taken a downward path as the institutional partner responsible for regional re-balancing.

Thirdly, policies directed at the problem of ageing have a two-fold approach: the pension system, and social welfare for long-term care (dependence), the subject of two policy maps. Reform of the pension system has stirred up most of the energy of social and political partners since the first reform in 1985 in social policy sphere. Just as social welfare for long-term care has failed to enter central government's political agenda (though in regional governments social and health programmes of different types are, indeed, being implemented) and has been postponed continuously since the year 2000, the same is not the case as regards the pension system. The Pact of Toledo has been the political pact *par excellence* of Spanish social policy in favour of maintaining and reforming the public pension share-out system.

While we await the new agreements being drafted in Parliament, it should be said that the share-out 'pay-as-you-go' system is facing not so much the financial strain of ageing (as the creation of a Pension Reserve Fund three years ago has been a success) but rather a political climate which is more favourable to capitalisation and privatisation in a considerable number of EU countries, coupled with the growing influence of banking and insurance groups over decisions on the future of the system. Electoral caution and the strong presence of organisations for the elderly have put the brakes up to now on radical change in the system, in spite of its economic health. However, privatising pressures are orienting the system progressively towards intermediate solutions that combine share-out with capitalisation, which in the long term could change the nature of the system. Consensus, continuous political equilibrium and strong path dependency is what characterises the reform of the pension system and this will possibly continue to be the path for reform in this field, as demonstrated by the pacts of 1995, 1997 and 2001.

Fourthly, the policies on gender-based equality have been a field of social policy which has also generated a high degree of consensus, although lately dissent has arisen. These policies started in the eighties as Equal Opportunities Plans for Women geared towards employment (four plans since 1988), where major advances have been made, evolving in recent years to policies for family support. It is here where the apparent right-left agreement with regard to strengthening family support policies has developed into growing dissent. There is no political party which does not defend pro-family policies, however political diversity and dissent is now fast gaining ground here. Tension is arising between the equal opportunities programmes for women (to a certain extent boosting women's entry to the job market) and the growing predominance of family support policies (1999 Law on Reconciling family life and work, Full Family Support Plan) which are based more on tax deductions than on direct welfare expenditure. The policy map on gender equality is now asking itself whether family policies are not

replacing those of support to women, and whether within the first there is not a slide downwards towards reinforcing the traditional role of the family and a nuclear family model, at present undergoing a process of profound change.

The diversity of social and institutional partners and types of strategies

What type of strategy do social partners propose with regard to the welfare state in general and specifically the different areas of social policy? It is essential here to distinguish between 'one-off' reforms and long-term strategies.

From the point of view of 'one-off' or sporadic reforms, path dependency appears as a constant factor in policy design, either as a defence of a recently built, medium-scale system of social welfare which people are not prepared to give up (case of the trade unions), whether for reasons of electoral calculations which force government to delay changes in social policy, if not even return to the starting-off point (the employment reform of 2002, frustrated after the general strike of June that year), or to favour social policies which compensate for wage restraint and greater labour market flexibility (the case of the employers' organisations). For their part, over the last ten years organisations and social movements supporting the disabled, the elderly, and women have increased their role in giving greater visibility to social needs, albeit with a political role of still scarce relevance. Trade unions, political parties, government and employers' organisations are the main players, although it must be emphasized that the self-governing regions have increased their role in the design of the political agenda and implementation of social reforms (holding almost exclusive powers in health, education and social services and taking initiatives in the implementation of monetary supplements to non-contributory pensions).

However, from the point of view of long term strategies, the policy maps appear to indicate that this slow reform, in part pro-privatisation and with a benefit-based bias, could alter the nature of the welfare state in Spain if, apart from the changes over the last few years towards restraint in welfare expenditure and the privatisation moves, the climate of reform of pension systems in France, Germany and Austria has a significant influence. In any case, any reform process will take second place to the electoral calendar, trade unions' and social organisations' resistance, and the political calendars of the self-governing regions themselves (with their own electoral patterns) and to processes of downward adjustment in welfare expenditure. It could happen, as already has to a certain extent, that the process of containing welfare expenditure will be offset in part by regional governments' strategies in favour of extending public social policies in the field of health, education and social services, although this is an offering conditioned in part by central government financing.

At the end of the day, greater institutional complexity, apart from the consolidation of a public culture in favour of universal social rights, will affect the strategies of the social and political partners, possibly producing permanent tension in the coming years between the inertia of present welfare state institutions and pro-privatising pressures now on the increase. The economic situation and socio-demographic factors will shape reforms, however according to the analyses in the policy maps, political factors will determine the future of welfare state reforms and, amongst these, the ability of social and political organisations to reach a consensus.

The future of the welfare state through its partners

The current welfare state requires reforms, and on this there is general agreement between the social and political partners. But this agreement translates, in practice, into a broad diversity of positions which go from reform alternatives centred on perfecting and extending social rights under a public system of welfare, to alternatives which propose greater diversification in the production of welfare services and, therefore, a growing space for the private sector, preferably profit-making.

This political and ideological debate, underlying the one-off reforms of the welfare state, whose specific scale only becomes apparent in situations of crisis, or when reforms are blocked (as happened with the Pact of Toledo in 1995, the aborted reform of the labour market of 2002, or the higher, secondary and primary education reforms of the same year), is conditioned by national and regional electoral terms, as we have indicated earlier. That is to say, welfare state reforms in Spain since the political transition are determined to a great extent by electoral cycles, and these in turn are conditioned by the growing stability of the welfare state's incomplete universal coverage. Precisely as advances in universal cover have become consolidated, room for action by social partners who propose radical privatisation reforms is reduced and subjected to a greater extent to electoral and trade union scrutiny. As, at the same time, advances in universal cover have been halted over the last few years, room for action by partners and groups in favour of a further-reaching welfare state has also been curbed. The consequence is that all social reform is largely forced to accept a broader range of bargaining processes and consensus which does not exclude pressure, conflict and strikes.

To sum up, it appears from the policy maps that any reform of the welfare state, particularly reform of the public pension system, requires broad-based agreement between social and political forces which will not necessarily produce symmetrical results but does make long debate and bargaining unavoidable. It could be said that, for the social and political partners who have been interviewed, the necessary reforms will not actually translate into a dismantling of the welfare state or greater development of institutions and state programmes implemented up till now, but rather mixed formulas which will combine the state, the private sector, incomplete universal cover and a benefit-based approach, a reduction in the role of the central government, and increased weight for the regional governments. That is to say, the welfare state of social reform for the coming years will in part be an inert continuation of what exists today with growing forms of privatisation and offerings from the private sector.

The working out of the report

The present report on policy maps has been carried out basically during the first half of 2003 following the methodology established by the European Project, WRAMSOC (Welfare Reform and the Management of Societal Change). Accordingly, interviews with the social actors were carried out, inquiring their opinion about recent policy changes, current developments and their expectations for the future of the Spanish system of social protection concerning our six main areas under observation (pensions, long-term care for the elderly, unemployment and labour activation, women's participation in the labour market and family life, exclusion and social welfare, and welfare financing).

Despite a common methodological pattern for all countries involved in the WRAMSOC project (Finland, France, Germany, Spain, Sweden, Switzerland and United Kingdom), questionnaires for the in-depth interviews were adjusted according to the particularities and the main problems of each country. Thus, a more qualitative approach has been adopted, which has been complemented with data and information provided by content analysis of news reproduced in daily national newspapers during 2002-03.

Interviews were carried out to primary (political parties, trade unions, employers' associations, government officials and practitioners) and secondary actors (NGOS, and interest groups, media, experts and 'think tanks'). The ideas expressed by the interviewees form the core resources for the working out of this Report. Opinion provided was facilitated on personal bases, although interviewees were expected to convey viewpoints of the institutions there represented. In the Annex at the end of the present Report a relation of interviewed people and their affiliations is reproduced.

POLICY MAP ON PUBLIC PENSIONS REFORMS IN SPAIN

Introduction

The debate over the feasibility of the current 'pay-as-you-go' public pension system is at present the nerve centre, *par excellence*, of the debate on social policy in Spain. 'All' the social and economic partners are involved in this debate: the government, the political parties (through the Pact of Toledo), the two most influential trade unions, CCOO and UGT; the employers' confederation: CEOE¹; and a number of social research centres and 'think-tanks' (FEDEA, OISS, BBVA)². In fact, the majority of interviews conducted with relation to this policy map have a clear theme-based bias towards the debate on pensions, which occupies a central position in the media as a whole, and the press in particular. The debate over pensions has therefore figured strongly in practically all the major social, political and economic organisations in Spain since the first reform, implemented in 1985, which we shall refer to later.

1. Key reforms

Reform of the pension system has been the key objective of public policies from 1985 up to the present. In the debate over the pension system we should underline a number of factors which we shall examine in the following section, and around which the debate is centred: the demographic factor related to ageing, the labour factor concerning job creation, and the political factor on legislation. All the reforms put through from 1985 till the present have attempted to tackle each of these elements to a greater or lesser extent. There is general agreement between the social partners on two aspects: firstly, that the public pension system requires reforms which guarantee its long-term future and, secondly, that these reforms must be undertaken before 2015 (according to private experts, e.g. FEDEA), or from the year 2020 onwards (according to the Social Security's General Secretariat) when the demographic factor, one of the three elements mentioned above, would reach a critical point. However, where discrepancy lies between the social and political partners is in the assessment of the problems and in the depth of the measures to be taken.

Amongst the reforms undertaken, four main types may be distinguished:

- a) Financial adjustment reforms: such as Act 26/1985 on the Rationalisation of the Structure and Action on Social Welfare within Social Security. This law constitutes the starting point for the inevitable and continuous reforms of the public pension system. This law increases the minimum number of years for payment of contributions from 10 to 15; it extends the number of years for calculating pensions from 2 to 8; and it increases the control over invalidity pensions. This reform led to the first general strike on social welfare in the Spanish democracy. Nevertheless, it is recognised today that such a reform was absolutely necessary in order to cure the public pension system of its ills and prepare for the reforms of the future.

¹ This is the only employers' organisation which acts as an umbrella group for the Spanish employers as a whole, although the Catalanian organisation *Fomento del Trabajo* is affiliated to the CEOE as an independent body, as is CEPYME: an organisation of small and medium enterprises within the CEOE.

² FEDEA is the Foundation for Studies in Applied Economics; OISS is the Inter-American Organisation of Social Security and the BBVA, one of the two leading Spanish banks Banco Bilbao Vizcaya Argentaria.

- b) Strategic reforms: the great strategic reform was the Pact of Toledo in April 1995 which was the agreement between all the political parties, except United Left (*Izquierda Unida*, however, later joined a Pact considered to be a ‘pact of State’) and the trade unions (the unions did not actually form part of the political pact, as this was between political parties, but they did support it decisively) revolving around reform of the public ‘pay-as-you-go’ pension system. It was a strategic agreement, since major measures were taken to make the public system viable (pay-as-you-go), and it rejected the alternative system of individual capitalisation for reasons of a social and technical (i.e. electoral) nature.³ The Pact of Toledo was a historical one in so far as it was agreed that pensions should not become an electoral issue of contention⁴ and in that it guaranteed the continuity of the ‘pay-as-you-go’ system, introducing improvements which reinforced its solidarity-based (improvement in minimum pensions and for certain groups) and equitable philosophy (reinforcement of the contributory nature of the system). This Pact saw agreement over the design of a three-pronged social welfare model: a) a public, compulsory, ‘pay-as-you-go’ model financed through both employers’ and workers’ contributions; b) a second, non-contributory or care-based system financed through general taxation and directed at those in need who were not covered by insurance or have been unable to work due to disability or illness; and c) a private and freely available supplementary system which does not substitute the public pension system.
- c) The enforcement of the ‘adaptational’ or anticipatory reforms took place from 1985 through to 1995 assuming the provisions of the Pact of Toledo fully on board. Such reforms were: a) reforms which reinforce the contributory nature of the scheme, through greater fostering of pension capitalisation; the separation of sources of financing (contributory pensions are financed with social security contributions and non-contributory pensions through general taxation), plus policies for revaluing the lowest pensions; b) reforms regarding financing, such as payment of contributions in relation to real salary; the reduction or simplification of the types of contribution; and an increase in contributions in order to ensure sufficient financing of the system; c) management reforms: faster processing, the regulation of private supplementary pensions, and a greater control over disability pensions.
- d) Finally, we should underline the reforms implemented as a result of the Pact of Toledo from 1995 up to the present. Firstly Act 24/1997 on ‘Consolidation and Rationalisation of the Social Security System’ which stipulates the calculation of pensions on the basis of the last 15 years of working life, and also the April 2001 Agreement which set up a Social Security Reserve Fund,⁵ increased the actuarial proportionality between contributions and pension received; and improved minimum pensions. The 2001 Agreement stipulated that in the year 2003 ‘the system of calculating the legal basis would be revised in order to progressively take into account the effort made by the individual worker throughout his or her working life’. This agreement will be implemented through the new Pact of 2003 but it may not actually be enforced until possibly after the national elections due in the Spring

³ Note that the cost of transferring the ‘pay-as-you-go’ system over to one of capitalisation was estimated by the BBVA bank at 2.5 times the Spanish GDP.

⁴ This has not been the case in the most recent regional and municipal elections of 25th May 2003.

⁵ With an amount of Euro 8bn, or 1.3% of the annual GNP, at 4th July, 2003.

2004 at the latest, in order to avoid possible negative electoral consequences for the party in government. Moreover, in the Agreement of 2001 between the Government, the employers and the trade union, CCOO, a commitment was made to study social welfare for dependent persons (the long-term care social protection system).

These four groups of reforms have one common characteristic: to guarantee the public 'pay-as-you-go' system in the long term. This is a permanent reform process which avoids the radical adjustment measures which would prove so unpopular, since they would be politically unfeasible. As stated by the interviewed representative of the CCOO: 'the continuous reform of the pension system is the cornerstone of Spanish social policy'.

2. Key problems

On analysing the reforms of the Spanish welfare system, one expert pointed out that they constitute 'a difficult political balance, with intermittent conflicts between different interests. To my understanding', stated the interviewee, 'the social reforms maintain the system as a whole, however there have been two major elements which will operate in the long term: forms of privatisation which affect the running of services which up till now have been public...and at the same time strong ideological pressure which undermines the credibility of the system, above all the pension system: the idea of financial bankruptcy and lack of viability which undermines the solidarity which underlies the system as a whole'. With this quote, we simply wish to point out that the debate on reform of the pension system involves two different problem areas: those of an ideological nature and those of a technical nature, as it were, and that in practice the two overlap. That is to say, amongst the experts consulted, reform of the pension system has two different faces: the ideological interpretation (privatisation versus socialisation) and the financial interpretation (capitalisation versus share-out). With the interviews as a backing, we shall attempt to reflect both aspects which, we emphasise, mask each other to a certain extent, forming a kind of continuum in the debate.

a) The ideological and political aspects of the debate.

There is no doubt that, taken as a whole, the debate over the pension system has given rise to a certain ideological polarisation between share-out and capitalisation; between slow reform of the present system and radical reform or privatisation. On the one hand we have those who support a system of 'socialising' social welfare risks in general, of which the pension system would be the basic foundation. For those who favour this socialising vision, uncertainty over the feasibility of the system of social welfare in general is increasing. A specific manifestation of this is the greater focus towards care-based social welfare, privatisation of the running of these services, the replacement of public expenditure on welfare with backdated tax deductions, and the trend towards the 'Americanisation' of the view of social welfare. As stated by an expert from an influential media group: 'the pressures to privatise mark to a great extent the agenda of the political debate on social policies' in such a way that Spain will find itself in a situation in which the 'real problem will be political: either to opt for a care-based model of minimum standards, or a broad-based model of welfare protection'.

From a different perspective, another expert points out how the institutional framework will continue 'albeit more privatised and with strong tendencies towards

regional fragmentation'. In the opposite camp there are other positions which favour a welfare state which would be 'lighter in terms of public expenditure, more efficient, oriented to the most needy, and where market instruments could be considered as an alternative'.

Is it possible to find a mid-point between these two positions? Experience tells us that consensus has been the constant rule with regard to the pension system, although there has, indeed, been certain dissent, and bargaining between the social and political partners on this subject has always been particularly tough and at times fraught. There is, however, a certain degree of faith in agreement being the permanent focus of political action on pensions, given their social and electoral repercussions. The new agreement between the political parties over implementing the Pact of Toledo, on the point of becoming a reality (July 2003), seems to confirm this path of consensus over pension reform, which does not mean to say that there is unanimity. In fact, one expert points to the rigidity of the Pact of Toledo as, in his view, it does not allow us to move forward with the inevitable reforms, and limits the real debate: 'there is a sacrosanct fear of dissent, as the debate must serve to move forward, reforming things, and not only to preserve agreements which in many cases are very restrictive, such as the Pact of Toledo'. Along the same lines, an expert from the leading bank BBVA⁶ observed that some years ago he reached the final conclusion that 'a thorough reform was needed, if the system's viability was to be guaranteed in the coming decades. Shortly after, the Pact of Toledo was signed and economic growth moreover gradually consolidated. Today it seems that the situation has changed'.

b) The economic and demographic aspects of the debate.

It seems that there is clearer agreement over the identification of the real problems which underlie the reform, although not on its interpretation and institutional and economic consequences. For this reason, it seems necessary to differentiate three aspects here: the problems of the current system of public pensions; the interpretation of these; and the existing agreements on the necessary reforms:

1) There is ample agreement over the problems which affect the public pension system. On the one hand, there is agreement over the fact that there is a key demographic factor to be considered in the long term, and specifically from 2025-2030 onwards, when the most numerous cohorts of the Spanish population will retire: the baby-boom generation born in the sixties of the 20th century. This impact could be moderated by growth of the Spanish population, due to the phenomenon of immigration; a new phenomenon in Spain, since historically it has been a country of emigration up till recently. In addition, there is agreement over the fact that the ageing of the population and the increase in the number of pensions must be relieved through a 'pay-as-you-go' system like the Spanish one, through growth in employment. There is a broad area of manoeuvrability in this sense: the arrival of immigrant workers in growing numbers (800,000 from non-EU countries in 2003), a longer working life; and more job creation for women. In fact, the European Commission in its report at year-end 2002 (presented to the European Council in March 2003) on the feasibility of the public pension system, affirms that new measures must be adopted to stimulate

⁶ See El País, 4th February, 2001.

the active involvement of women and older workers. Room for manoeuvre in employment growth in Spain in the coming years is very considerable.

Nevertheless, the high rates of unemployment in Spain and the policies on early retirement are a negative element in the country's capacity to create jobs, with harmful financial consequences for the welfare state. On this point there is unanimous agreement in the interviews that it is necessary to put the brake on the current momentum of early retirement, due to its twofold impact: the destruction of labour capital, and the high cost for the Social Security system, which covers the cost of early retirement of very numerous groups (suffice it to consider that at the age of 60, half the workers in the General Regime of the Social Security System who should have retired at 65 are already retired). The impact on employment is decisive since, for example, while the ratio of contributors to pensioners in 1996 was 2.06, at present it is 2.41, due to a strong job creation during the last years.

- 2) Interpretations of the long-term consequences of ageing for the pension system vary at several different levels: firstly, as regards the momentum of reform, since for some the current speed is comparable with the political momentum and the need for the public to gradually take on board the toughening of pension access requirements, and the method of calculating their pensions. This, in part, may follow a downward path, while for others we are lagging behind, and should be decisively facing up to the political issues which negatively affect the urgent need for reform. Secondly, interpretations vary as to the degree of intensity of the problems of the 'pay-as-you-go' system and, therefore, of its reform. For some there are no risks in the 'pay-as-you-go' system, which is in an optimal state of health at present. The pension system is solid and secure and it would be a question of 'reinforcing' the current system of inter-generational solidarity, supplemented by private systems as an addition. For others, however, it is not a question of there being any problems for pensions at present but rather for the future. For this reason they defend the need for reform for those under 50 years of age. This would consist of putting an end to the 'pay-as-you-go' system and moving over towards a different scheme: one of capitalisation. In the words of an expert 'the problem of pensions for pensioners today does not exist. The problem of pensions for young workers is solved by telling them that the invention used up till now is over and that from now on they have to work more and save more' (El País 25th May, 2003).
- 3) The necessary reforms. At present there appears to be relative agreement between the defenders of a 'pay-as-you-go' system and those of a mixed system (we exclude here those in favour of total and exclusive privatisation which, at present, involves a very influential minority in the Spanish financial system). Such an agreement, which is expected to be included in the updating of the Pact of Toledo in 2003, concerns six specific aspects: 1. Delaying the age of retirement (a first reform was passed through Act 35/2002 on 'Measures for establishing a gradual and flexible retirement system'). 2. An increase in the total number of years for calculating pensions, where some defend extending this to the entire working life. 3. Elimination of a number of special schemes in

Social Security, in order to remove privileges.⁷ 4. The creation of a Social Security Reserve Fund. 5. Consolidation of a mixed system which would reinforce the capitalisation of the system and favour additional private pension schemes. 6. Finally, favouring extending the population who pay contributions to Social Security through the entry of a greater number of women to the labour market (the rates for whom are still lower than the majority of the EU countries), encouraging the entry of immigrant workers to the Spanish economy and putting the brake on early retirement.

3. Proposed solutions

In the light of the problems we have mentioned which affect the Spanish public pension system, the different interpretations as to its scope (nobody is arguing over the actual need for the reform), and the consensus achieved up till now over a series of minimum necessary reforms, we can now analyse the fundamental alternatives of reform of the current 'pay-as-you-go' system. Three different reform options may be seen, as appear in our interviews and which confirm the 2002 WRAMSOC report on Spain on reform of the public pension system. It is true that in ideological terms the dilemma is over *how*: Pact of Toledo or privatisation. But in practice there is a continuous thread here which enables us to differentiate three options, one of which is the mixed option which may be either a version of the Pact of Toledo or a version of privatisation *sui generis*.

- a) Maintenance of the 'pay-as-you-go' system with continuous reforms or maintenance and reinforcement of the public 'pay-as-you-go' system. For those in favour of the 'pay-as-you-go' system, this makes it possible to maintain or combine equity (contributory nature) with solidarity (between generations), or combine the contributory nature which remunerates individual work on the basis of a system of redistribution which would favour social cohesion. As indicated by an expert this is 'a 'pay-as-you-go' system plus a certain degree of capitalisation at the same time'. It is understood that if an adequate relationship is achieved between contributors and pensioners, the 'pay-as-you-go' system will be secure and will not have to be dismantled, only reinforced on a permanent basis. For this option the capitalisation system involves risks which arise from the uncertainty of stock and investment markets, which may depreciate the savings of workers, as well as individual difficulties which workers who cannot handle long-term insurance commitments will have to surmount on their own. As a consequence, posed as an alternative is the perfecting of the current system on the basis of the measures indicated above, an alternative which is shared in the main by the political parties and the vast majority of the public.

To sum up, this option, which is a majority one today in political terms, favours the maintenance of the 'pay-as-you-go' system, reinforcing its level of individual capitalisation and favouring private pension funds on a supplementary basis. The running of the pension system would continue to be in the hands of Social Security system.

- b) Privatisation of the public system. This alternative has minority but powerful support, since it is shared by the financial groups, pension funds and insurance

⁷ These were created mostly during Franco's dictatorship. However, the General Regime of the Social Security systems covers up the total number of workers in the Spanish contributory system.

groups in Spain. In fact, growth in private pension funds has been increasing in Spain and has provided the material or financial bases for arguments in favour of the privatising option, i.e. that the 'pay-as-you-go' system is not viable in the long term. There are basically three economic arguments in favour of this option: firstly, that the private system will offer higher pensions for workers who capitalise their employment effort; secondly, that the private system provides greater flexibility for private investment of savings and, therefore, greater job creation; and finally, that the State will off-load major costs of financing and running the public pension system. This option is proposed for workers under 40 years of age, while the State would be required to cover the cost of transition over to the capitalisation system, making a major tax adjustment. The reform proposed is based fundamentally on the ideological discourse of 'inevitable bankruptcy' of the 'pay-as-you-go' system in the long term, theoretically from 2030 onwards, when the demographic factor becomes one of the most determining elements in the financing of the system, without bearing in mind the effect of immigration on the labour market and the size of the contributing population.

For the privatising option, therefore, the financing of pensions would be through capitalisation and private companies would take over running the system. As we said, this minority but powerful option is not reflected in our interviews, since it is defended only by employers' organisations and by some experts, albeit with reservations. The vast majority of experts consulted maintain that the 'pay-as-you-go' system should be maintained and reinforced and consider that it would be necessary to have 'control of private expenditure on social welfare, since the increase in private pension funds and in the offerings of private services consume a great deal of tax expenditure and indirect public spending...there is no established system which regulates this tax expenditure: tax deductions for investment in pension funds'.

- c) Configuration of a mixed system of transition towards capitalisation. Under this option are the privatising alternatives which defend a slow transition towards systems of a private nature to achieve two benefits: firstly, the low cost of financing the transition and secondly, the progressive entry of the new generations of workers to the capitalisation system.

Those who support one of the options maintain that the fact that the negative effects of the 'pay-as-you-go' system will not be felt till 2020 does not imply that the reform may be put off, since the measures to be taken will take some time to have an effect. In any case, until a private capitalisation system is achieved, three measures must be enforced: contributions must not be reduced; the retirement age must be delayed, and pensions must be calculated over an entire working life. Over these three measures there is ample agreement between the social and economic partners, with three exceptions, however: the CEOE is in favour of continuing to reduce social security contributions; the National Federation of Self-employed Workers rejects the calculation of pensions on the basis of the entire working life, as this would mean reducing pensions by between 15 and 20 per cent for this group; and finally, the Socialist trade union UGT also rejects the immediate enforcement of pensions on the basis of the entire working life (this last reason led them to reject signing the 2001 Agreement on the Implementation of the Pact of Toledo).

The second option, not very different from the previous one, and closer to the privatising option, is the one which maintains that transition to a private system is not possible, as the cost is so high that it would prevent the Maastricht commitments from being met in terms of debt not exceeding 60% of GDP. However, as in the medium term, from 2010 onwards, the amount of pensions would have to be reduced, transition could be undertaken in the following way: maintaining a 'pay-as-you-go' system for minimum Social Security pensions (approximately 40 percent), building a capitalisation system, also public, for the rest of the pensions above minimum ones, and continuing the development of the current private, voluntary and additional pension system.

4. Overall policy goals

The debate and reform of the public pension system has a number of structural repercussions of both a political and economic nature.

From the political viewpoint it should be said that the adoption of a continuous and consensus-based reform model for the public pension system would mean maintaining a substantial part of the social protection system in the long term i.e. it would imply continuing to perfect the traditional contribution-based model of the Social Security system. Consequently, this strategy, laid down through common agreement between the political parties, implies to a great extent the maintenance of social cohesion and political stability. In contrast, a strategy of breaking away or sudden, radical reform of the pension system to a different, private system could produce political instability and a break-down in the consensus reached over the course of the whole welfare scheme since 1978 and, specifically, the consensus reached in 1995 through the Pact of Toledo.

From the economic point of view it should be emphasised that the public 'pay-as-you-go' system has been very useful as a mechanism for fighting against poverty and as a macroeconomic stabilizer. The changeover to a strictly capitalisation-based system would, according to its opponents, create a situation of uncertainty, both political and economic, which would need to be avoided in a not long ago consolidated welfare state.

5. Secondary policy goals by policy area

The reforms underway to adapt the public pension 'pay-as-you-go' system are bringing major changes as a knock-on effect. Amongst these indirect changes we can indicate the following:

Firstly, it is becoming generally understood that the number of years of working life will have to be increased in order to meet the cost of pensions. At the same time, experts consider that early retirement is a waste in both social and economic terms and must be stopped. In fact, flexible retirement has already begun to slowly take hold. Civil servants may now work until the age of 70.

Secondly, a restructuring of the implicit alliances between workers' trade unions and the urban middle classes is taking place. To some extent the former group have become property-owned middle classes, and are consequently progressively tending to accept the debate over the inevitable breakdown of the public pension system and purchase additional financial products (private pensions) or services (such as health) in the market. Although this aspect is not approached directly in the interviews, an underlying concern with this issue is apparent. Thus, in one of the interviews, it is said openly that

‘the maintenance of the welfare state is going to depend on two conditions: that the middle class does not stop growing in size in the welfare state (they ask for a quality welfare state) and that the social partners and political parties maintain a basic consensus over the major areas of social policy’.

6. Obstacles and opportunities

There are no apparent obstacles to the enforcement of gradual reform of the ‘pay-as-you-go’ system pensions. The broad consensus over a number of objectives for reform of the system, such as those indicated earlier (delaying the retirement age, reinforcement of the contributory nature of the system, extension of the number of years for calculating pensions, setting up a financial reserve fund for the system) allows us to state that this option would give rise to least social and political resistance.

On the contrary, radical reform in the direction of privatisation would create widespread resistance amongst both the pensioner population, and the groups over 50 and currently employed, as well as the trade unions and the now major opposition (PSOE and IU).

Our interviewees have not considered whether a privatising reform would be accepted by the wage-earning population under 40. It may be deduced that such a privatising reform could produce certain resistance amongst a population which to a significant extent (around 35%) has been brought up on short-term contracts, i.e. on irregular employment insurance agreements, while this might be welcomed amongst young groups of highly qualified workers with a high degree of job stability. In other words, in the population under 40, there could be a certain segmentation as regards political attitudes towards a privatising reform or counter-reform. Moreover, one representative of a trade union states that, apart from the capacity for economic growth and political agreement, in the actual course of reform will also be vital what he terms as ‘the attitude of generations of young people whose work experience is insecure employment’.

7. Path dependency of the reform

Pension reform is possibly the area of social policy where dependence on the past is most significant. As one expert states: ‘a radical change in the public pension system from the current ‘pay-as-you-go’ scheme to one of capitalisation is politically unthinkable’.

Just as in the case of labour market reform path dependency is less obvious, in spite of the major conflicts of 1988, 1994 and 2002, as regards the pension system, there is indeed a strong path dependency which defenders of privatisation dub as ‘conservative inertia’ and defenders of the public ‘pay-as-you-go’ pension system as a ‘political success’, as it is the area of social welfare which has achieved greatest social and political consensus.

There is nothing to indicate that in the medium term this consensus will change and, therefore it seems that reform of the pension system will go ahead over the next few years, at least up till 2010, based on the current political pact, as can be inferred from most of the interviews. The dependence that the reform will have on this political pact-based culture will, without doubt, reduce social and political conflict, and facilitate

adaptation of the public system. Quite a different issue will be whether, in the long term, that adaptation of the public system becomes a mixed or strictly private system.

8. Role of event exogenous to the policy debate

The factors which are exogenous to the course of reform of the public pension system in Spain are of two different types: short and medium term.

a) In the short term there are two conditioning elements in reform of the pension system. One element is of an internal political nature: the coming general elections, which will act as a mechanism of 'retardation' or a brake on privatising reforms. That is to say, we are not attempting to claim that the elections of March 2004 will act as a brake, but rather an inducement to path dependency, since the pressure of organisations of the elderly and the public in general will modulate the reform in such a way that it will be clear, acceptable and will not give rise to uncertainty, since the parties which intend to include reform of the 'pay-as-you-go' system in a decisive manner in their programmes would be punished by the ballot. All the parties without exception will state defence of the current system of pensions. This will not necessarily prevent the party who wins the election from possibly having to take measures which combine defence of the interests of pensioners today (defence of the 'pay-as-you-go' system) with the enactment of reforms which orientate the system towards a mixed scheme, or based more on capitalisation (transition towards a mixed system) which will be implemented for younger workers.

The second short-term element, also of a political and institutional nature, which will act as an mechanism of 'acceleration' of the reform, is the pressure which current reforms of the pension system will exercise in Spain, and in general those of the Austrian, French and German social welfare system. It is clear today that the countries with systems of contributory social insurance face extensive reforms of their welfare states, which are a source not only of conflict but also of political consensus as regards the scope of those. Reform of the Spanish social welfare system is a halfway house towards the French (social and political conflict and difficulty in achieving political consensus) and German reforms (initial conflict and a real possibility of achieving political consensus) in the Spring 2003. The mirror of Germany will be an influential factor in the Spanish case, in that German consensus - currently going through a crystallisation process - has major similarities with the consensus achieved in Spain since 1995 over the public pension system (NB. Consensus over labour market reforms has always been more difficult and a source of social conflict and strikes, such as the general strike of 20th June 2002).

b) In the medium to long term, the reforms which the EU countries adopt will be crucial, whether they are rooted in path dependency (moderate but continuous reforms) or are radical reforms oriented towards privatisation of the pension systems. Also conditioning but not determining elements are the economic conditions which emerge from globalisation. In the view of our interviewees, political elements and specifically the bargaining skills and consensus reached between the political parties, trade unions' and employers' organisations will be the determining factors at the end of the day as regards the type of reform, its momentum and scope.

POLICY MAP ON SOCIAL PROTECTION OF LONG-TERM CARE

1. Key reforms

Social protection of long-term care (or ‘dependency’ as it is known in Spanish) now forms part of the political agenda in Spain, albeit subordinate to the priority of reforming the pension system. Currently held to be the ‘lame leg of Security’, its implementation has been acknowledged to be absolutely necessary by political parties, trade unions and social organisations (NGOs) for the past three years, although no agreement has been reached to incorporate it into the political agenda once and for all. There is even an undertaking in the Toledo Agreement (April 2001) by the Spanish government, the employers’ confederation and the trade union, CCOO, but its definitive application has been put on hold because the government has not taken a final decision in this respect. The Recommendations of the Toledo Agreement by the Spanish Parliament, which are due to be published at the end of June 2003, set forth the need to put into practice the effective political undertaking in order to establish a law for the protection of long-term care.

There are several reasons for this dualism between rhetorical acknowledgement of the need for a policy to protect dependent persons and the actual paralysis of effective political action in the period 2000-2003:

- a) Firstly, because as one interviewee pointed out: ‘pro-privatisation pressures have, to a large extent, marked the agenda of the political debate on social policies’ (El País) from nearly eight years, that is to say, they have marked, to a large extent, the political agenda and the pace of its application;
- b) Secondly, because there is no ‘political will and funding’, so it would seem that the need tends to ‘be resolved individually and at the expense of working women’ (PSOE), based on the traditional Mediterranean cliché which has characterised personal care of people with long-term care;
- c) Finally, because while the government is letting ‘time pass’, in other words, is entrenched in political inaction, the self-governing regions or *Comunidades Autónomas* (Autonomous Communities, ACs) find they are forced to put in place schemes and apply policies that provide an answer to the problem, and as a result there are practically 17 regional ageing schemes, each with highly different orientation, coverage objectives, management systems and financing. In effect, the urgency of the necessary response to long-term care problems has led to an overall response on the part of the ACs in the form of all sorts of schemes (health, social, mixed) depending in the type of regional government, the political agreements in place in each territory, the resources on tap and the institutional inertia that holds sway in territorial policies. As pointed out by a representative of an important NGO: ‘the long-term care act has not been clearly mapped out yet’ (Red Cross), so that the ‘responsibility of the central administration’ eventually fades out, leaving it up to civilian society itself, the household and non-profit-making organisations to actually go about responding to social demands in this field.

2. Key problems

From the point of view of the application of public policies, there are three sets of problems to be considered: those that curb the start-up of a state policy; those that refer to social-health coordination; and those that refer to the impact of deep-rooted changes at the heart of the welfare state, but which have indirect bearing on putting in place a long-term care insurance scheme.

a) As regards specific curbs on actually developing an insurance scheme for the protection of long-term care, three situations should be highlighted:

1. Regulation. The first issue for debate is how to regulate long-term care. There is a certain general consensus that the regulation of social protection of long-term care should be established within the central state sphere, as a state law that envisages protecting a series of social rights with the guarantee that they will be satisfied. However, this state law would take shape eventually, for some, as a new form of development within the Social Security system; for others, it is a question of fine-tuning the AC's social services by means of a general law that guarantees central state funding but does not question the exclusive jurisdiction held by regional governments in this matter (N.B. such exclusive jurisdiction does not exist legally as the Social Security still has some areas of jurisdiction in this matter despite having transferred its services to the AC).
2. Financing. The financing of a long-term care insurance scheme is the hub of the political debate: who finances the long-term care insurance and how. For central government, the start-up ought not to question the zero-deficit policy set by the PP public administration authorities. The expenditure ought not to put pressure on Social Security accounts or on the overall financial equilibrium of the government authorities. Central Government believes more in the role of tax relief for carer households than in a specific public-spending policy. Indeed, for the last few years, the policy of tax stimuli in this field has undergone major development.
3. Management. The feeling is that it ought to fall under the responsibility of the ACs in terms of running the social services in all their dimensions: targeting the population in need of long-term care, social services' planning, management and control of rolling them out. Meanwhile the debate still continues: for those in favour of a public system for protecting dependent persons, responsibility for the management of the economic benefits would fall upon the Social Security system, albeit shared with the ACs; on the contrary, for those in favour of a system of social protection of long-term care with exclusive jurisdiction of the ACs, such jurisdiction should be only regional. There is no consensus on this issue yet.

b) As regards the problems of coordination between the social and health services, there is a widespread debate that has been incorporated in the regional schemes for elderly persons with long-term care, which was discussed by the Ombudsman's Office in its report for 2000. The complete transfer of jurisdiction in matters concerning health to the ACs in 2002 facilitates that coordination but there is widespread disagreement between personal social services and the health system over the responsibility of assertion of the condition of long-term care, the funding of

mixed cases, and the way in which dependent persons should be steered to the different health and social resources.

- c) Finally, and broadly speaking, almost everyone interviewed referred to changes in the Spanish welfare state that will alter its make-up and structure in the years to come and which, therefore, will influence the policy of social protection of long-term care. Hence, for example, the no intervention of the central state to ‘even out territorial imbalances’, which has bearing not only on the health system but, in particular, on the social services’ system, the latter playing a fundamental role in caring for dependent persons. Likewise, several of the persons interviewed mentioned the ‘consolidation of areas of privatisation’ (OISS) of the welfare state in the social services, health, education and the management of unemployment. Private enterprise is setting out to ‘hunt down public services’ (Red Cross), offering care services for dependent elderly persons in clear competition with NGOs or, ‘elbowing non-profit-making organisations out of the way’ or, more explicitly, ‘social protection is being used to cut public deficit’ UGT), rather than to enlarge the field of social protection to cater for the new needs of long-term care, immigration and exclusion. The priority of the PP Government economic policy (achieving zero deficit) is having a direct effect on containing spending on social policy and on the selective, but growing, privatisation of spheres of social policy such as social services.

3. Proposed solutions

In general, there is a degree of consensus on the fact that the benefits of a long-term insurance would have to be mixed: services and monetary benefits, in other words, a combination of both mechanisms stemming from professional assessment and the freedom of choice of dependent persons or their relatives. It is hard to say, categorically, which European model may provide a benchmark for Spain. If we take into account the drafts prepared by the Ministry of Labour and Social Affairs and even the debates held at congresses and seminars on long-term care insurance, the Spanish model could be a version of the German model of long-term care insurance (Spanish Social Security being rooted in that tradition) so the twin protective tradition can be integrated in this field: to protect the carer family (through monetary benefits) and to protect those who have no family or find it hard or impossible to look after it owing to distance or for work reasons, in which case the social services would play a fundamental role, that is to say, long-term insurance would be a support system for the dependent person and for the carer family in the optimum combination necessary in each case. Furthermore, in part, the Nordic vision of social protection would be incorporated: developing social services geared to support the working woman carer and, in general, services that provide support for the family, not as a simple unit of forms of care but as a basic social structure.

In other words, the tools of reform would be both monetary (compensation for the carer family) and in the form of external services (in most cases for female employees), letting the dependent person or his or her relatives choose how to provide personal care and with what resources: monetary, to compensate the carer; services, as a means of replacing the carer family, or a combination of the two. In any case, the Social Security protection scheme would be orientated towards protecting the dependent person and the carer family.

From the point of view of the alternatives to long-term insurance, two possible political routes are put forward, although mixed formulas are acceptable:

1. The first is the private alternative or private insurance scheme which, however, does not enjoy the support of public opinion but, only to a limited extent, that of the government. Private insurance policies would only be taken out by part of the Spanish population, those with ample resources or high incomes, as is widely acknowledged. Private insurance companies consider, as a protective option, a public assistance at national level for the poorer population and the rest would be covered by private insurance with the backing of tax relief. Not even the centre-right party in government (*Partido Popular*) has come out firmly in favour of pure privatisation formulas. There is no apparent unanimity within the party: a majority are in favour of fiscal support for the family; and others propose a basic public insurance for persons lacking in resources albeit expandable to part of the middle strata.

There is room here for very different types of mixed formulas or different combinations of public and private action. For some of the social actors, long-term care insurance ought not to mean new spending schemes, but rather formulas for collaboration between public and private spheres: ‘That would not necessarily mean putting forward new public spending schemes, except for the most needy, but discussing more open formulas, such as subscribing market instruments that vouch for their provision’, in the opinion of a representative of a think tank (FEDEA).

2. The public-type protection option attracts more political support among health professionals and social services and, in general, among the general public, as well as on the part of NGOs and the parliamentary centre-left and left-wing coalition (PSOE and IU). In this case, social protection of long-term care is envisaged as an extension of the protective action of the Social Security system for all citizens, financed by taxes in the form of Social Security contributions and in the framework of a nation-wide policy. This option would not exclude co-payment depending on the level of personal or household income or supplementary private insurance: ‘on the guarantee of public backing, we accept the complementary nature of the private sphere, but, first and foremost, social protection must be within the public realm’ (PSOE).

4. Overall policy goals

There are three sets of arguments among social and political actors in favour of public insurance of long-term care that go beyond social protection of dependent persons strictly speaking and have bearing on other areas of social policy. Hence, social protection of long-term would imply:

- a) Helping Spanish women join the job market and making family life compatible with working. At present, the carer population of dependent persons is, on the whole, made up of women aged mainly between 45-65. Many of the women carers (men occupy a very secondary place in the current system of family care) of that age have left the job market because of the responsibility of caring for dependent persons. For their part, young women find it increasingly difficult to conciliate paid work and family care. Long-term care insurance would facilitate permits and leave on the grounds of care without putting the insurance on hold, and its contributions would

be met by the Social Security system. Hence, long-term care insurance would relieve the pressure on the Spanish carer family and on the working woman.

- b) Long-term insurance would call for creating employment in the field of social services so that the public spending invested in this long-term care social protection scheme would be, to a large extent, offset by the growth of jobs, as one interviewee put it clearly: ‘Defining a scheme of social protection that anticipates new needs, fundamentally the incorporation of women, on whom the task of looking after children and the elderly usually falls, into the job market, and *specially the problem of long-term care*, harnessing the potential that these areas provide as ‘job niches’ which are still not fully exploited’ (FEDEA).
- c) Thirdly, long-term care insurance would lend coherence and protective efficiency to the different protection subsystems currently in force, that is to say, coordinating contributory and non-contributory systems, the health and social services systems, as well as monetary benefits and services. Currently, the very same needs are protected using highly different mechanisms as regards criteria of accessibility and intensity of protection. Putting paid to the jungle of protection mechanisms in order to create a rational and efficient system would be one of the positive outcomes of a long-term care insurance scheme.

5. Secondary policy goals

The debate on public insurance of protection of long-term care in Spain and its likely application in the next term of legislative activity (2004-2008) implies other consequences in the sphere of the public-private dimension of the welfare state and in terms of the balance of powers between the different levels of government in decentralised Spain. Both aspects come to light indirectly in the interviews conducted.

- a) Firstly, the protection of long-term care model, at its current stage of debate, is redefining the position of the social and political actors. For the trade unions and left-wing parties, it is an opportunity to strengthen the welfare state in Spain, to extend social protection after several years’ containment of the welfare state. For them, the quality of the welfare state’s public services and monetary benefits has deteriorated in recent years and there has been a silent siphoning-off of one part of the new welfare burden in the direction of families. A public long-term care insurance scheme is regarded as a unique opportunity to curb that process of privatising the burden of care towards the family. The need to curb fresh expansion of private enterprise in the provision of services for dependent persons is also considered. There is an agreement between trade unions and left-wing parties (IU and PSOE) that social protection of long-term care should stand in the field of the Social Security system as a universal public insurance scheme. The achievement of a public insurance scheme in this branch of protection would, as these actors claim, not only enable the surge of pro-privatisation forces to be contained, but would also alter the current process of social spending containment.

For its part, for the private sector involved, long-term care insurance also provides an opportunity for expanding private activity. Currently, the residential care offering for elderly persons in Spain is mainly private (70 places for every 100) and increasingly so the home help service and other intermediate mechanisms (such as

day centres). For the private profit-making sector, the management of the resources of a public insurance scheme may be a decisive step towards consolidating its presence in the production of welfare in the areas of health, education and social services under the discourse of greater economic efficiency in managing the services.

- b) Secondly, the regulation, funding and management of a long-term care insurance scheme pose new re-equilibriums among the layers of government. For municipalities and regions, the management of long-term care insurance represents a step forward in the consolidation of a jurisdiction in social welfare that was transferred gradually during the period 1985-2001, although there are some doubts about how that insurance scheme should be financed and whether the central state will guarantee the financing of the total cost or a large part of it. For the central state, long-term care insurance opens up several possibilities that are currently under debate: the first consists of maintaining the current policy of inaction, leaving the problem to be dealt with de facto by the ACs; the second is the start-up of a long-term care insurance scheme that guarantees a large part of the financing, but leaves the responsibility for running it in the hands of the ACs; the third would be, as called for by the trade unions and elderly associations, the putting into place of a long-term care insurance scheme that not only finances the benefits and services but enables the central state to intervene actively with policies in favour of territorial equity in this area.

6. Obstacles and opportunities

There are basically three main obstacles to a public long-term care insurance scheme:

- a) Firstly, ideological-type obstacles associated with the public-private debate. As one of the social actors puts it: ‘everyone seems to do it better than the public sector’ (UGT). The news media have tended in recent years, together with the government’s social policies, to give priority to the superiority of the private sphere over the public sphere. This discourse has been consolidated in recent years and forms part of the ideological ascent of privatisation within the welfare state.
- b) Secondly, there are opportunity obstacles, since the debate and the importance of the long-term care insurance scheme are diluted in the priority of the debate on the pension system. Again, in 2003 the debate on pensions takes centre stage on the political agenda to the detriment of the debate on social protection of long-term care, despite the fact that the Toledo Agreement includes it on the political agenda coupled with the debate on the feasibility of the public pension system.
- c) Finally, the very process of ‘streamlining’ the welfare state, and specifically containing social spending, mentioned earlier, means that ‘Spain is slipping towards the minimum band after several years’ strong growth in social spending’ (MLSA), or as a union representative puts it: ‘the government has become a champion of declining equity’.

Two opportunities can be highlighted:

- a) Long-term care insurance is the opportunity for establishing the universalisation of a series of benefits in the field of social services which, hitherto, were assistance-type benefits. In other words, long-term care insurance would enable a ‘law of minimums in social services’ (PSOE) to be brought in.
- b) Secondly, long-term care insurance would help enhance coordination between the different layers of government and between the latter and the private, profit and non-profit-making sectors, since protection of this sort calls for the intervention of the social services, the health authorities and the monetary benefits of the Social Security. As one union leader pointed out, there is a ‘lack of coordination between the public and the private sphere in an increasingly more mixed system’ (CCOO).

7. Path dependency of the reform

It is widely believed among political parties and social organisations that social protection institutions will not change radically in the near future: ‘I don’t think that in the years to come social protection institutions will change substantially, although they will have to adapt or adjust to growing economic pressure in a global economy’ (CiU). That is to say, for most of the interviewees, social reforms will, for a long time, be debtors of the institutions currently in existence. And to qualify that statement, ‘for the next few years, the welfare state will remain in the context of the national territory’, that is to say, that national welfare state will still play an important role.

The start-up of a policy for the social protection of long-term care is no easy task, as there are three traditions or political paths in the arena fighting for a presence in, or even to impose themselves on, the configuration of the policies or schemes that are eventually to be adopted. How to conciliate these three institutional traditions is a real policy-making problem.

In the first place, the Social Security system has a long tradition of protecting long-term care through third-person financial aid benefits of a contributory nature (supplement to the major disability pension) and non-contributory or assistance based (supplement to third-person aid for the disabled and elderly persons with a degree of disability of over 75%). At the same time, the Social Security has had a powerful tradition of running social services although the majority of them have been transferred to the ACs.

Secondly, regional and municipal social services make up the second protective tradition in this sphere. Yet hitherto, the protection of persons with long-term care was based on evidence of lack of financial resources (means test). That is to say, the beneficiaries of this type of protection are confined to persons who do not have financial resources and from among whom the middle strata of society, who outstrip official income scales but do not have resources for their private funding, are excluded. These have to resort to the family support, the use for their limited savings or are forced to sell off their property (living accommodation) in order to meet their financial needs. The pressure of the long-term care, the lack of equity between the ACs as regards available resources and access requirements, and the non-existence of a national law for the protection of all citizens in need of long-term care, is bringing about a change of orientation in the policies of the ACs as regards the role of social services. Hitherto, all the ACs were ruled by a regional laws on social-services with full jurisdiction in their territory. Despite the modernising progress made by these laws, which were passed in

the period between 1980 and 1990 and updated in their majority in the 1990s, they still took an assistance-based view of social issues. Two new social services' laws passed in the Spring of 2003 (Madrid and Asturias) not only explicitly consider the social protection of long-term care but define (as in the case of Asturias) a parcel of 'universal' social benefits for protecting the different long-term care situations.

Thirdly, there is a fiscal protective tradition, based on tax relief for carer families, which has peaked in recent years since it ties in to a large extent with the liberal orientation of the responsible officials for economic policy within the PP Government. The ideal model of protection of long-term care for the current economic governmental team would be tax protection for the carer household that takes on a large part of the burden of personal care. Only persons lacking in resources would be entitled to welfare assistance. That is not to say that proposals of policies for the protection of long-term care within the party in government are monolithic, as there are also party members who favour a public long-term care insurance scheme within the national jurisdiction of the Social Security system.

All three types of policies have tradition and carry weight. The Social Security system has, undoubtedly, the greatest capacity for regulating, financing and managing the financial benefits and the institutional strength necessary to tackle a policy nationwide. Social services have a sphere of jurisdiction that is virtually exclusive in terms of services at regional level, but restricted at nationwide level. A national law would be called for so that a series of basic services for all citizens could be established. Finally, fiscal protection through taxation is performed at state level but is currently regressive and does not envisage persons with long-term care who do not declare income tax because they have low incomes.

This diversity of traditions makes the decision on which institutional sphere should have ultimate responsibility for long-term care a complex affair.

8. Role of event exogenous to the policy debate

Some exogenous and endogenous factors will have bearing, in the immediate future, on the start-up of a long-term care insurance scheme.

On the one hand, the fact that countries with a Social Security tradition like Spain, such as Germany, Austria, France and Luxembourg, have put in place public insurance schemes for the protection of long-term care is a factor that stands to favour political action in this sense. It is not a deciding factor but a conditioning factor, despite the fact that liberal options have gained weight within the general context of Spanish social policy.

On the other hand, the forthcoming general elections of 2004 will be a unique opportunity for positioning public long-term care insurance schemes at the heart of the election debate. In the recent regional and municipal elections, the extension of social services for dependent persons featured in all the election programmes, to a greater or lesser extent, and even the protection of elderly persons with long-term care. Moreover, as said before, the new regional social services' laws of the ACs already envisage the financing of social benefits for long-term care. In our opinion, these two factors, coupled with the coming Recommendations of the Toledo Agreement, mean that social

protection of long-term care has a privileged place on the political agenda. Only if the debate on public pensions deepened would it be outstripped in terms of its importance, and that cannot be ruled out.

In any case and as one interviewee pointed out: ‘the real problem will be political: whether Spain opts for an assistance model of minimums or for a broad model of social protection. I have the idea that the future of the welfare state will depend on political decisions. Those of an economic kind will only be a conditioning factor’ (El País).

POLICY MAP ON UNEMPLOYMENT AND LABOUR ACTIVATION

1. Key reforms

The phenomenon of unemployment continues to be one of the chronic shortfalls in the Spanish economy since the early years of the democracy, and to which particular attention has been paid in the different labour market reforms that have arisen over the years. These reforms have had different degrees of consensus between the social partners and have achieved widely disparate results, which have not always met the objectives they set out to meet. The reform of the main legal text (*Estatuto de los Trabajadores*, or Workers' Statute), introduced in 1984, in which the different types of temporary contract were standardised, brought as a consequence a spectacular increase in job creation (also attributable to the Spanish accession to the EEC), at the cost of an alarming growth in temporary work which, paradoxically, scarcely reduced the unemployment rate at all in the second half of the 90s, given the considerable increase in the active population over these years.

The consequences of this temporary employment, which came to represent 35% of salaried workers in 1995, have been chronically reflected in the next labour market reforms, particularly in the Reform of 1994, as a priority issue to be resolved through measures such as the general disappearance of the use of temporary contracts, with the exception of the over 45s and those receiving unemployment benefit after more than one year of unemployment. The result of this reform was not completely satisfactory because, in spite of the unemployment rate coming down in the years immediately following this, short-term contracts were not substantially curbed.

Not long after, and in a climate of greater social agreement, the 1997 Reform was drawn up, the key new feature of which was the introduction of the *contract to boost open-ended hiring*, with lower dismissal costs and rebates of between 40 and 80% in employers' social security contributions, oriented towards less integrated segments of the labour market, such as the young unemployed under 30, the over 45s, and the long term unemployed. The results of this reform were very positive for unemployment in general, with a 5 point reduction in the unemployment rate between 1997 and 1999 (down from 20.9% to 15.9%) and a significant increase in open-ended contracts, which contrasted once again with the insignificant reduction of 0.4% in temporary contracts (down from 33.7% to 33.3%) in the same period, in spite of cheaper dismissal in the new open-ended contracts.

After this reform, the willingness to embark upon tripartite negotiation began to dwindle when regulation of part-time contracts was tackled, first shown by the employers organisations, the CEOE and the CEPYME, by refusing to sign the Agreement on Promoting Part-time Employment, signed in November 1988 by the government and the key trade unions, and then opposed by the trade unions when they rejected the Labour Reform of 2001 which in some respects altered what had been previously been agreed between the two, particularly the removal of the maximum of 77% of the full-time working hours as a criterion for demarcation of part-time contracts. Both these disagreements explain, to a certain extent, the lack of importance this type of contract continues to have in the Spanish labour market at present (8% in the first quarter of 2003).

This gradual distancing of positions was further aggravated in May 2002 when the reform of unemployment benefit was passed, popularly called the *Decretazo* (Super-Decree). The reform mainly focused on doing away with procedural salaries⁸, to the detriment of unemployment benefit; the gradual disappearance of the Programme for Rural Employment (PER) subsidy for day-labourers in Andalusia and Extremadura; and the toughening of the conditions concerning acceptance of a job offer, which meant, according to one of the interviewees (El País) ‘more unstable and insecure employment’. The result of the tensions caused by this reform was the general strike of 20th of June, the outcome of which, in October of the same year, led to the Government’s accepting seven out of the eight modifications proposed by the trade unions (with the exception of the restrictions on the agricultural subsidy).

2. Key problems

Without ignoring other factors of considerable importance in job creation, apart from the legal framework, such as economic growth, training, the climate between employers and workers, or investment, the upshot of these reforms was to balance out with a qualitatively positive result for employment in general after the unemployment rate fell substantially from 24.2 % to 11.5% between 1994 and 2002. However, Spain still hold the position of the EU country with the worst unemployment rates, almost four percentage points above the EU average in 2002.

This situation coexists alongside a number of problems that trade unions, employers’ organisations and Government, in most cases, all point out, although as will be seen later, they differ over the causes and the solutions. Although, somewhat peripheral, problems such as the inefficiency of public job agencies and the lack of coordination between the different regional employment services are to be mentioned, along with the rather modest investment by companies in workers’ training, or the disincentive effect of unemployment benefits, as mentioned by the interviewees and in repeated declarations made in the press, the fundamental problems revolve around two key issues:

1. Segmentation and inequality. There is still a significant degree of regional, gender, and age based segmentation as regards access to the labour market, which has drawn the attention of the EU Employment and Social Affairs Council. This is clearly seen in the data provided in the first quarter of 2003 by the *Encuesta de Población Activa* (Working Population Survey): (a) the female unemployment rate (16.7%) doubled the male rate (8.4%), (b) 3 out of every 10 young people under 19 years of age available for employment were still unemployed, and (c) differences in regional unemployment figures were very significant: Madrid: 7.6%, Extremadura: 19.78%. These problems were posed in the interviews in which a number of possible causes were considered. Firstly, regional segmentation is put down to a problem of limited geographical mobility and the ‘difficulty of public access, above all to housing’ (El País) This view coincides with the recommendations of the EU Employment and Social Affairs Council, which stated that ‘geographical mobility in Spain is limited, due in part to structural obstacles, such as the poor functioning of the housing market’⁹ Secondly, it was considered that the low number of women and young people entering the labour market was closely related to the ‘insufficient proactive

⁸ *Salario de tramitación*: paid during court proceedings against unfair dismissal until the judge’s ruling.

⁹ See El Mundo, 4th June, 2003.

policies geared to employment and social participation' and to the 'merely symbolic network of social services backing employed women' (CiU).

2. Insecure and unstable employment. In parallel with the increase in open-ended contracts, and the insignificant reduction in the rates of temporary work (down from 32.5% to 30.2% between the first quarters of 1999 and 2003), after successive reforms, the high rates of temporary work remain, alongside stagnation in part-time employment at 8%. To this must be added the high levels of accidents at work and the lower pay levels of the new contributors to Social Security system with open-ended contracts: 25% lower than average, according to a Social Security report¹⁰. This situation of insecure unemployment has not only been portrayed in the interviews as a factor that aggravates social exclusion, doing so even more strongly than the unemployment situation itself, as the Ministry of Labour representative acknowledged in the interview ('the model of insecure unemployment has taken root in the labour market in such a way that social exclusion is much more due to insecure jobs than to unemployment'), but has also been regarded as a factor 'linked to accidents at work' (UGT) and a serious obstacle 'to getting young people into work to make it easier for them to be independent' (El País) and 'to guarantee minimal social cohesion' (CiU).

3. Proposed solutions

It has been seen how the degree of agreement in identifying the problems mentioned between the different social partners is not reflected in a common proposal for their solutions. The main obstacles are to be found in the difficulty of reconciling the opposing priorities of the different partners, fundamentally as regards reducing non-salary costs and containing public expenditure, to which the trade unions are openly opposed.

On the Government side, from the reform of '97 up to the *Decretazo* (Super-Decree), their proposals wavered between reconciling trade unions' and employers' proposals and a progressive distancing from the trade union proposals, as a result of a series of measures closer to their priority of reducing labour costs and public expenditure on unemployment benefit. Specifically, measures such as toughening up on access to unemployment benefit, the proposal to eliminate the Programme for Rural Employment and the procedural salaries have provoked a distancing in drawing up a consensus-based list of measures between the different social partners.

Although this distancing has not occurred in all the solutions proposed, as happens with the continuation of the above-mentioned contract to boost open-ended hiring, agreed in the 1997 Reform (with lower non-salary costs and oriented mainly towards the young unemployed under 30 and over 45, and the long-term unemployed) or the proactive employment policies oriented towards continuous training inside and outside companies, self-employment, tax breaks on open-ended contracts or local council backing and boosting of initiatives by young people to set up companies, over other solutions, there have been both positions of basic consensus - but disagreement over the way of doing it, and also some irreconcilable positions. Such is the case of the following proposals:

¹⁰ See El País, 12th November, 2002.

- Fighting against fraud in unemployment benefit.
Although government and trade unions are in agreement over the measures, despite the fact that the trade unions do not openly acknowledge these to be a priority problem, for the trade unions the solution would involve modernising the running of public employment services, while on the government side, there is a trend towards toughening the conditions for access to and receipt of benefits.
- Boosting stable part-time employment.
In spite of agreement on the advisability of this measure, bipartite disputes have acquired special relevance since the employers' associations' refusal to sign the Agreement between trade unions and government to Promote Part-time Employment, finalised in November 1998, and the later opposition of the trade unions to the 2001 Reform. The main point of disagreement over this proposal is the 'rigidity', according to the CEOE and CEPYME employers' associations, and the need to 'respect the clear demarcation between part-time and full time work', defined by the trade unions, to regulate a maximum percentage of additional hours and lay down the upper limit of 77% of the length of regular working week which the government approved in the 1998 Reform, which was later abolished in 2001.
- The reduction in temporary employment via non-salary costs and regulation.
The reduction in temporary work in contracts raises both consensus over identifying it as a problem, and dissent as to the options proposed to resolve it. Although there is a certain degree of tripartite agreement over the need to *limit the fraudulent and abusive practice of successive short-term contracts* and, parallel to this, over government proposal to make stable part-time contracts more attractive for companies to the detriment of short-term contracts, the debate between trade unions and employers' organisations over reducing insecure employment is set fundamentally between two - up till now irreconcilable - positions: (a) the penalisation of short-term contracts, proposed by the trade unions, making social security contributions for these more expensive (even creating specific rates of compensation), and (b) the contrary proposal of the employers' associations, based on cheapening non-salary costs on permanent contracts in order to make them more attractive.
- Creating incentives towards delaying the age of retirement versus early retirement and hand-over contracts.
The disparity over this point is evident, in that while the government proposes lengthening working life beyond the age of 65, exempting employers from paying social security contributions in order to alleviate the pension system, the trade unions defend extending the right to early retirement from the age of 60 beyond those who began to pay contributions before 1967, as well as better conditions for those who are forced to retire before that age. On the contrary, paradoxically, with the trend towards early retirement in some companies, the employers' organisations oppose these measures as they consider that 'they are a false solution which increases the financial imbalances in the systems of social welfare'.¹¹

¹¹ Statement by José María Cuevas, President of the Employers' Confederation CEOE, reproduced in El País, 21st November 1997).

- As regards the trade unions' proposal to 'extend *hand-over contracts* in order to allow partial retirement for the elderly and their replacement by the young unemployed',¹² this is contested by the employers' association citing once again 'less competitiveness, higher public spending or a greater burden upon Social Security' as a result of this measure.¹³
- Limiting supplementary hours and removing the incentive to overtime. In the case of additional hours, the main discrepancies occur over fixing limits to avoid confusion between part-time contracts and full-time contracts. On this point, between the trade union proposal of fixing a maximum of 10% for additional hours and banning overtime, except in cases of *force majeure*, and the employers' proposal of 20% and the flexibilisation of the use of overtime, the government, in their wisdom, decided in the 2001 Reform to maintain the limit of 15% and the prohibition on overtime in part-time contracts.
- Reorganisation of working hours. On this point, apart from the question of disincentives for or prohibiting overtime, the main point of controversy revolves around who should bear the costs of reducing the working week to 35 hours, and whether this reduction would not be absorbed by increases in productivity, without the consequent freeing-up of working hours in order to create new jobs. While the Government is in agreement with the trade unions over removing the incentive towards unnecessary overtime, in order to boost part-time hiring, nor does it rule out reducing the working week to 35 hours, conditional upon the commitment to create employment and a prior inter-confederation agreement between employers' organisations and trade unions, the same is not the case when it comes to immediately cutting the working week to 35 hours, across the board and in a centralised manner. In this case, coinciding with the employers' organisations, the government argues both the risks of loss of competitiveness and companies' replacement of labour with capital. This would be the case if it is the companies who have to bear the salary cost of a shorter working week with the corresponding risks of families' lower purchasing power, should these costs fall upon the latter, to which the trade unions are obviously opposed.
- 'Rethinking' unemployment benefit. The debate on this proposal will be settled somewhere between the policy of curbing public expenditure, on the part of the government, the neo-liberal ideological conviction of the business sector that benefits 'remove the incentive from effort and involvement, and actively seeking income', and the need to encourage a 'financial culture of insurance' (FEDEA), and the trade unions' considering this as a 'right' to be consolidated. On this point, disagreement between trade unions and government is very significant (to the extent that it was one of the main causes of trade union opposition to the *Decretazo* and the later General Strike of 20th June, 2002). While the trade unions propose extending coverage to the unemployed with no unemployment benefit and to the long-term unemployed, signalling the INEM's (Ministry of Labour's employment office) surplus, the government favours a hardening of conditions for access to unemployment benefit.

¹² Statement by Antonio Gutierrez, General Secretary of CCOO in 1997, reproduced in El País, 19th November 1997)

¹³ José María Cuevas, *ibid.*

- Improving and modernising employment information systems, access and management.

The employers' organisations favour employment management systems of a private nature, to which trade unions are opposed, while the government does not create disincentives for this option, at the same time as not setting up new publicly-run employment services, or openly tackling the modernisation of the already existing system (INEM).

4. Overall policy goals

The policies aimed at reducing unemployment, and in particular insecure jobs, although their main objective is to create employment in itself, tend to be seen more from the point of view of the positive social implications of actually having a job, particularly a quality one. As the CiU interviewee maintains, 'employment is necessary; it is the basis of social rights, however it is also true that employment *per se* does not guarantee social cohesion if, as often happens, there is a significant degree of insecure employment'.

Amongst the main implications of employment activation policies that came out in the interviews and the content analysis of the written press, some could be sum up the following:

1. Their relevant role in reducing and preventing social exclusion, in boosting personal independence, and strengthening social cohesion ('social exclusion is much more due to insecure jobs than to unemployment' - Ministry of Labour interviewee, 'getting young people into the job market to make them independent' – El País interviewee). Specifically, the measures on labour policy, oriented towards increasing permanent contracts for the groups which are most vulnerable to social exclusion (young women, the over-45s, the long-term unemployed, immigrants and disabled persons) have been a clear consensus-based priority of the different social partners. Nevertheless, the effect this has had on job discrimination has been proportionately insignificant, as this move was not accompanied by social policies which back young people and women workers, or by the extension of a services network to care for the population of dependents and children, as is recommended by the EU Labour and Social Affairs Council.¹⁴
2. The policies which encourage stable employment and reduce insecure jobs were also pinpointed, due to the implications they have for sustaining pensions in the future, as stated in the interview with the OISS (Iberian-American Organisation for Social Security). 'It does not seem that in the next twenty years there will be any problem as regards the number of contributors (to social security), due to the increase in the non-EU immigrant population, the entry of women to the labour market, and an unemployment rate like the present one.'

5. Secondary policy goals

Throughout the interviews a series of implications have gradually become apparent from the policies directed at combating unemployment. These concern fundamentally the following: (a) the bargaining skills of the social partners -particularly during the last

¹⁴ 'Spain should 'improve the supply of care centres for children and dependent persons'. Statement reproduced in El Mundo, 4th June, 2003.

reform-; (b) the advantages of policies which foment equality of opportunity for women and immigrants; and (c) the need to correct the malfunctioning of the housing market as a serious obstacle to geographic mobility.

1. The recent debate on social policies and employment, according to one of the interviewees, 'is in practice conditioned by governments' surveys on its own popularity, and by immediate measures and those which have a social impact'(CiU) within a context in which 'governments with an absolute majority provoke dissent in social policy'(El País). This impact was especially noticeable after the so-called *Decretazo*, approved in May 2002, which was repealed a number of months later by the government, in view of the successful outcome - initially not recognised - of the General Strike of 20th June. The majority of the trade unions' modifications which were accepted by the government had a number of different interpretations which have been echoed in both the media and the interviews conducted for this research, in which references to the *Decretazo* were especially recurrent. Specifically, while the trade unions and political representatives of the left saw these modifications as a 'restitution of rights' and a 'success of having mobilised the workers', versions of a more neo-liberal slant considered them as a 'step backwards from what was a reform on the right track' (interview in the FEDEA interviewee).
2. Secondly, we mentioned the advantages of policies directed at reinforcing equal opportunities in employment, in order to both reduce women's economic dependence on their spouses - a source of permanent conflict in some relationships - and also to facilitate integration of non-EU immigrants. Precisely the integration of the immigrant population within the labour market has been seen as a first fundamental step towards surmounting 'the resentment which exists towards them, who are blamed for the overcrowding of public services, forgetting that they also contribute to their financing' (Red Cross interviewee).
3. Lastly, the idea of associating limited geographic mobility to the problem of housing, as an obstacle to be resolved in order to reduce the segmentations of inter-regional employment, has also repeatedly come out in the interviews. This coincides, as has already been mentioned, with the recommendations of the EU Labour and Social Affairs Council

6. Obstacles and opportunities

Policies directed at fighting unemployment have wavered between tripartite consensus over reforms such as the reform of 1997, on the one hand, and the most total and absolute disagreement with the reform proposed by the government in May 2002, on the other. As a result of this, the following obstacles have become apparent:

1. Amongst the latent discrepancies between the social partners, outlined in *Key Solutions*, the main obstacle has been the difficulty of reaching a consensus with the trade unions over both the priorities of the employers' associations, as regards a greater reduction in non-salary costs in open-ended and short-term contracts, and the government's measures oriented at containing welfare expenditure on unemployment. These measures culminated with the passing and later repeal of measures already commented on, such as the toughening of conditions for receipt of unemployment benefit, and the proposals to eliminate the PER and procedural salaries.

2. This economic obstacle has gone beyond the ideological level, breeding a certain level of deterioration in social dialogue between the different social partners involved, which may have an effect on the loss of intensity in the political debate on the labour market. Seemingly a number of the interviewees concur in considering that ‘the political parties, just as happens in the case of social welfare for dependents, do not decisively approach the debate on insecure employment’ (Ministry of Labour). On this point there is an extremely frequent idea that this debate ‘appears intermittently’ (OISS), ‘it does not have sufficient force, except at times of critical reform, such as the *Decretazo*’ (PSOE) or ‘it is merely paid lip-service when it comes to proactive policies on employment’ (CCOO), either because ‘the current debate is biased towards pensions’ (UGT) or because there is a ‘sacrosanct fear of dissent which acts as an obstacle preventing an open debate and reforms which would overcome deeply entrenched positions’ (FEDEA). In contrast, amongst the opportunities, the potential of areas ‘such as care services for dependent persons and infants, as job niches, as yet not fully exploited’ were pointed out (FEDEA), and the involvement of the ‘tertiary sector as an active partner in designing and running policies on employment’ (CIU).

7. Path dependency of the reform

The loss of intensity in the political debate over the labour market, mentioned earlier, appears to be one of the scenarios considered by some interviewees as a foreseeable course for labour reforms in the coming years, even more likely if we bear in mind that the substantial reduction in the rate of unemployment in recent years has been identified by government and the public as a symptom of the suitability of economic policy.

In spite of this, it is probable that, with greater or lesser intensity, this debate will continue to centre around the need to redesign more effective, consensus-based policies, oriented at reducing job segmentation by gender and age, in the face of warning signs such as the increase in job losses amongst those under 25 years of age, and in Spanish homes with all members unemployed, during 2002 and part of 2003.

Given this scenario, we could open up ‘new horizons for employment in areas such as the care of dependents or young children, taking not only the perspective of new publicly financed programmes but also formulas more open to the use of market instruments’ (FEDEA) and ‘the participation of the tertiary sector as an active partner in the participation of the most disadvantaged groups in society and the labour market’ (CIU). These are horizons which concern basic questions such as the ‘public responsibility of redirecting and increasing public funds’ (Red Cross) and the need to ‘propose a more open debate which would overcome the fear of dissent over a system of social benefits and welfare which would be lighter on public spending’ (FEDEA).

8. Role of the events exogenous to the policy debate

Amongst the exogenous factors affecting policies on unemployment in Spain in the immediate future, it seems that both the approaching general elections in 2004 and the gradual accession of the eastern European countries to the European Union may be of relative, though uncertain, significance.

With regard to the influence of the proximity of the general elections, although it has been considered that this already had a number of decisive retroactive effects which, along with the General Strike of 20th June 2002, justified the government's backpeddling over the *Decretazo*, given the fear of electoral repercussions, there are also certain prospects that the most controversial reforms may be put off, and may be watered down in the electoral campaigns, or may simply move into the background, as happened in the last regional elections. Equally, the consideration of labour policy as a factor which realigns majorities, if it is not adequately agreed on by consensus, will be a factor to bear in mind to the extent that the controversy over the *Decretazo* may alter the political pattern in the coming general elections.

Lastly, as regards the eastern European countries' accession to the EU, its impact is uncertain, although the latent risk that job and pay segmentation may be accentuated between those born in the EU and foreigners cannot be ruled out.

In any event, the course of labour policy over the coming years, about which there are suspicions of 'major future restrictions over access to unemployment benefit' (CCOO), at the end of the day will depend on 'the scale of economic growth in the coming years, the ability of the parties and social organisations to reach political agreements, and the attitude of the young generations, whose work experience is job insecurity' (UGT).

POLICY MAP ON EXCLUSION AND SOCIAL WELFARE

1. Key reforms

If social welfare is defined as the mechanism that provides a guaranteed minimum for people who prove that they lack minimum resources (means-tested), it has to be said, to start with, that there is no such system in Spain. Coverage of minimums is a target of different policies and schemes.

Until the late 1980s, the social protection system had practically no benefits of this sort. Welfare benefits did exist but they were highly discretionary, providing only a low coverage band and scale of protection. In other cases they formed part of protection for groups such as the retired (supplements to minimum pensions), the unemployed (unemployment subsidies) or the disabled (benefits from the Law on social integration for the disabled - *Ley de Integración Social de Minusvalidos*, LISMI). With the turn of the decade, two policies were brought in that spelt access to minimum protection for a significant proportion of the population. These two mechanisms were:

- Non-contributory pensions. In 1990, the Social Security Non-Contributory Benefits Act (*Ley de Prestaciones no Contributivas de la Seguridad Social*) (26/2990) set in motion a set of means-tested benefits for the elderly and disabled. This law included means-tested family benefits for dependent under-age children and/or disabled persons in their care.
- Minimum inclusion income. A series of schemes are grouped together under this heading that were put together and implemented by Spain's self-governing regions (ACs) from 1988 (Basque Country) to 1995 (Balearic Islands). The schemes are for families on low incomes and their aim is the social inclusion of their beneficiaries by combining means-tested benefits with schemes for fostering social inclusion. There are schemes like this in all the ACs. However the imbalances of budgets, scale and coverage raise doubts as to whether they go beyond discretionary welfare benefits in many regions.

The common denominator of all these schemes is the existence of a minimum income maintenance allowance. On the one hand, non-contributory pensions recognise the right of people (the elderly and disabled) to coverage of minimums without contributory paths. Minimum inclusion incomes allow for coverage, from the public sphere, of the minimum needs of families sidelined from the job markets. Albeit in a fragmented fashion, these reforms have meant widespread coverage of minimums for Spanish citizens, that is to say, the weaving of an ultimate safety net.

The tax reform of 1998 runs along these lines, which acknowledged a minimum tax exemption on earnings to cover basic needs.

It has to be said that the level of these minimums is very low (including the fiscal minimum): the allowances are lower than the minimum wage (one of the lowest in the EU) and minimum pensions. These sums are also bracketed: those of the contributory system are higher than those of the non-contributory system, and those of the passive population are higher than those of the potentially active population. The territorial

inequalities of minimum inclusion incomes also mean that there is a limit to the view that in Spain there is a complete security mesh. Moreover, coverage of minimums is not a protection system as such, but forms part of other systems such as the pension, employment or social services systems. Finally, the spending earmarked for social exclusion is very low, 'symbolic' (CCOO).

In the 1990s, reforms of minimum coverage systems were on a lower level and were directed towards consolidating the system without enhancing the level of coverage. Thus, the Toledo Agreement decided to separate the funding of the contributory system from that of the non-contributory system, (by taxes) and the annual updating of the amounts on the basis of the CPI. For their part, some ACs have proposed regional supplements to raise the level of non-contributory benefits (BCN), which raises fears of escalating territorial imbalances. Likewise, some regional governments have reformed their minimum income schemes, seeking to consolidate them and focus them more on the activation of beneficiaries who can access the job market. The activating slant of unemployment subsidies has been strengthened, as the emergence of the so-called active inclusion income goes to show.

2. Key problems

The problem that these policies aim to tackle is defined in a different way in each of them. Insufficient earnings are, in some cases, due to lack of income as a result of temporary joblessness and the need to maintain a family; in others, to recognised inability to gain access to a job, and in others, to social exclusion processes. Members of the community who gain access to minimum schemes are segmented according to different problems. Each policy gives a difficult explanation of the problem that it aims to tackle.

At the end of the 1980s, the concept of social exclusion came into use, ushered in by the European Commission's poverty programmes. The transfer of the concept to Spanish social policy was the responsibility of the participants in that programme (members of NGOs, senior-level staff from the three public authority brackets, or experts) and influenced many of the scheme preparation processes, particularly minimum inclusion income. But its application to Spanish public policies has not meant that it has kept its meaning. On some occasions, the theoretical concept (social exclusion as a multidimensional, relative and dynamic phenomenon) has become identified with underprivileged or problematic groups of people. In other cases, a conception of exclusion is maintained according to which the core element is exclusion from employment (CEIM). It could be said, then, that exclusion has to do with the unemployed, or at least when this situation is long lasting, which allows a continuity to be established with job policies.

All these schemes are envisaged for lack-of-work situations (incapacity or unemployment). The possibility that there may be poor workers does not figure in them. And yet, the model of instability has become embedded in the Spanish job market so that social exclusion is far more important because of instability than because of unemployment (DGASMF). Probably, protection by the family is one of the factors that explains the lack of visibility of the problem, as it supports both the low wages and the to-ing and fro-ing from employment, as well as the low levels of protection of the

minimum maintenance schemes. A low wage allowance to avoid the so-called poverty trap has only been foreseen in the Basque Country.

3. Proposed solutions

The object of schemes aimed at providing a minimum guarantee of earnings are means test allowance schemes which, in the case of potentially active beneficiaries, are supplemented by services intended to foster their integration.

The amounts of these benefits are limited. In the case of benefits intended for the potentially active population (unemployment or minimum income) they are below the minimum wage to avoid discouraging access to employment. The benefits of the retired or disabled population are kept below the minimums for contributory pensions.

The means test and the calculation of the amount of the benefit is based on income and the composition of the household. In the case of non-contributory pensions, the means test makes a generous calculation of the earnings of the household so as not to discourage families from providing their elderly and disabled with shelter. In the case of unemployment subsidies, workers with family responsibilities take precedence. As with the minimum inclusion income, there are supplements to the basic amounts according to the size of the household. In the minimum income bracket, the lower age limit (25 years) indicates that, until that age, the family of origin is responsible for providing protection (except in the case of forming a family unit of their own). With these benefits, it is the family that takes protective action: in some cases, they amount practically to family benefits, while in others, they make protection rest on the family.

Taking into account the means tests and calculation of amounts, a protection hierarchy can be observed. Non-contributory pensions have more coverage (duration and scale), they are less discretionary and hinge less on the household's income. Minimum inclusion incomes have the lowest level of coverage, they are more discretionary and are established practically as family-type benefits. Decentralisation also translates as a hierarchy of the protective level: the best quality benefits are also those most decentralised.

Minimum inclusion incomes, like active inclusion incomes, include activities as the avenue for achieving the objective of integration or social inclusion. In some ACs, it is a return-payment that the receiver undertakes to make by signing a contract or entering into an undertaking. In most cases these are individual activities. Guidance for labour integration is favoured, but it also works in other dimensions such as the activities of social services, health, education, or cooperation. Most of these activities are targeted at labour supply (guidance and motivation, vocational training, job incentives or self-employment), but more recently measures are being put in place aimed at demand, such as the creation of social inclusion companies (as protected access to employment) or incentives for businesses when hiring (temporary or stable) this type of groups of people.

4. Overall policy goals

In the aftermath of the different additions to minimum coverage, a tendency towards 'welfarisation' of the system can be observed and towards the activation of the benefits.

- a) Welfarisation. The development of these policies and schemes has provided a tool for completing the systems at the lower levels, orienting them towards situations of greater need and instability. This reform not only has bearing on the new benefits but on social protection as a whole, such as active inclusion income (UGT) or the restrictions on protection (CCOO). The orientation towards smaller-sized populations brings down costs, and that ties in with the cost-control policy (Caritas).

No consensus of opinion is recorded among the interviewees. Some view these reforms as a negative process, destroying equality and rights. 'There has been growing welfarisation of social benefits as a result of which the government has been converted into a champion of declining equity' (UGT). For others, it spells a weakness of the structures of social protection because they are aimed at populations with deficits that are clearly 'shoulderable' and in which the cutback has a low political cost (USAL).

However, other experts consider that the spending programmes are aimed excessively at the middle classes, in contrast to the scant concern shown for the small future programmes, such as the fight against exclusion and the fact that it is not so much a case of trying to spend more public money but of relocating the resources towards programmes for the more needy and towards attending to new needs (FEDEA). They hold the view that there should be a separation of funding sources, that policies such as this must be funded in a non-contributory manner 'through taxes' (CEOE). The minimum services are necessary and decent for the excluded population (for example, the minimum income programmes of the Community of Madrid and of the Basque Country), although they point out that all the ACs have them. Integration through employment is considered a necessary policy and one that is supportable from the state with growing social spending on social welfare and social services for the group with inclusion difficulties.

- b) Activation. The 'welfarisation' of social policy has been accompanied by focusing the benefits on activating the population that could potentially get a job. At the beginning of the 1990s, the debates on minimum inclusion income made reference to their potential capacity to create dependencies and discouragement. Social inclusion activities were their main argument of defence, which gave strength to their orientation towards labour activation. At the same time, as access to unemployment benefits and subsidies was restricted, so activation was extended to unemployment benefits as well (for example, the active inclusion income).

Many of the interviewees pointed out that active policies boast some achievements (Official Association of Psychologists, OAP). In some cases, the interviewee felt it was necessary to go into greater depth, to avoid creating dependencies and discouraging effort, participation and the active search for income (FEDEA). Integration through employment is fundamental as a means of funding social protection because it means guaranteeing social contributions for financing the costs of ageing (CEIM).

The questioning of this intervention criterion made itself felt. Emphasis was placed on the fact that this orientation is not suitable for labour markets in Southern Europe. It represents an orientation of social policies towards making individuals and populations responsible for searching for solutions to their situation (CGTS),

abandoning the objectives of transforming the social conditions of populations in disadvantaged situations. The idea of citizens' rights being linked with obligations was put forward only in terms of the obligations of the individuals, not society. It was also interpreted as a revival of the ways of controlling populations in disadvantaged situations (Caritas).

5. Secondary policy goals

In the sphere of social welfare, a tendency shared with other spheres of the Spanish welfare state was recorded: the redefinition of the public and private spheres. Specifically, mention was made of a privatisation process in what some interpret as an inevitable neoliberal trend (CGTS). Privatisation in the case of social welfare and the social services refers to private management or programmes and equipment that are public responsibility. It amounts to a transfer of the responsibility for managing publicly-funded universal services to private enterprise (profit making or otherwise), in common with other systems such as the education or health system (CCOO).

In social services, programmes, management and equipment started to be 'outsourced' from the very moment the system was founded (OAP). Social services laws of the 1980s enthusiastically incorporated the idea of the welfare mix, particularly thinking of the participation of private non-profit-making organisations, as a new model of social participation (Red Cross) (CGTS). That assumption is far from real. The composition of NGOs varies considerably: although it is true that there are mutual support associations, there are also a fair number of social organisations oriented towards intervention. Most of them are made up of the middle classes who focus their participation on excluded sectors without representing their interests (Caritas). Many of them are organisations oriented towards raising public subsidies for managing services, and that have grown in number but which lack an associative infrastructure without going beyond employment or self-employment initiatives (OAP).

Through this channel, the public authorities are handing over responsibilities for social policies to private companies in activities that are able to post profits. The NGOs manage what is left over, what is not a benefit for the private sector, that is to say, the excluded sectors and those with least income. (Caritas). Added to which, recent reforms of social services laws are paving the way to new privatisation formulas, such as service-cheques (CGTS), which is viewed with concern and mistrust by other social players, particularly NGOs and voluntary agencies. As opposed to the efficiency and quality arguments of the profit-making concerns, they defend the social value of voluntary action (Red Cross). Private enterprise also has advantages over public enterprise, in terms of low prices and the flexibility of the staff because of the lesser powerful clout of private enterprise unions.

The main outcome of the privatisation process has been the weakening of public structures, which 'paves the way' for their dismantling. In the case of social services, this has led to a process of de-capitalisation because it has prevented structures from being built up and consolidated (OAP) (USAL).

There appears to be no doubt at all about the privatisation path, so what has to be ensured is a minimum system (CGTS). At the same time, the strengthening of the third

sector is proposed to give it a more active role in attending to the least privileged groups and social inclusion (CiU).

However the non-profit-making sector is at a moment of change or configuration, from what can be gleaned from the interviews. It is held to be a strong sector, but one with identity and organisation difficulties. Currently, there is competition between a wide array of fragmented bodies and the future will depend on coordination and concentration strategies (CGTS) (FLV). The substitution and complementary task of the public authorities is not acknowledged at all. Functioning revolves around annual subsidies, aimed at the activity, with criteria marked by the public authorities and with precarious structures that lack funding (FLV) (Caritas). In some cases the proposal is to claim more responsibility from the authorities and recognition of NGOs as mediators (Caritas). In others, there is seen to be a need to resort to strengthening their own self-sufficiency, pledging commitment to their financial and political independence (FLV) (CiU).

6. Key actors and positions of other actors

In the implementation processes of these minimums policies most emphasis should be placed on the activity of the central and autonomous governments, as well as on the unions. In this respect, the relationships of collaboration and opposition between them have played a more important part than ideology or political colour. From among these opposition games, we could single out:

- The clash between central government and the unions: the General Strikes at the end of the 1980s which gave impetus to broader social spending and the universalisation of systems such as the pension system by the socialist government.
- The clash between central government and autonomous governments: the introduction of minimum income schemes was a mimesis process between ACs spurred on by the strong misgivings displayed the Ministry of Social Affairs about the measure. The autonomous governments used intervention in social welfare as a form of legitimisation and as an area for mediation with the unions. This process may be repeated with the supplements to non-contributory pensions planned by many ACs.
- The blockade on the signing of the Local Agreement seems to stem from the agreements between political parties at central level, which in turn are dependent on the profits and losses, depending on whether or not they govern in ACs (OAP).

As regards the agreement processes between social players:

- The agreements on the pension system of the Toledo Agreement between political parties, unions and employers are the best example, together with the tradition of agreements over the labour market (CEIM).
- In some ACs, minimum income schemes were the outcome of agreements between governments, unions and, in some cases, employers (CEIM).

There is a degree of agreement among the interviewees that the political ideology of the party in government does not seem to mark differences in future social policy, except perhaps as regards a greater or lesser degree of privatisation (Caritas). The positioning

of the political parties, which play a priority role, stems from government-opposition dynamics, gauging reaction and electoral cost and legislature time restrictions (OAP) (USAL).

NGOs are not usually recognised as players when it comes to drawing up public policies, but do play a part in preparing the public agenda and managing services. This role is authenticated in the new law governing associations (Organic Act 1/2002) which distinguishes between associations that are socially useful and those of constitutional relevance (legitimate representatives of citizens: political, religious, professional, unions) (USAL).

In this sense, in one of the interviews reference was made to a recent tendency detected in different public authorities to call to participate in political preparation processes just for the sake of it, without a collection or final real agreement that puts together the contributions of the players. This would be a participation that would legitimate the policy in their defence in other areas (legislative chambers or news media) (CGTS)

7. Obstacles and opportunities

As has been pointed out, social welfare is, according to the Constitution, an exclusive power of Spain's 17 self-governing regions. This has meant both an engine for innovation in matters such as social services and minimum inclusion income schemes and non-contributory pensions. The decentralisation of social welfare has been an important institutional factor in this process of building a system of coverage of minimums.

The interviewees' impression of the decentralisation process as favourable, as it has put the provision of public services within easier reach of citizens and afforded it more efficient management, in line with the criterion of subsidiarity (Red Cross) (OISS) (FLV) (OAP). They also point out its negative consequences, such as the increase of territorial imbalances and the loss by central government of the capacity to even them up (OISS) or the segregation of the processes of intervention between different programmes by different authorities (Caritas). For others, it is unfair to claim that the development of regional governments has exacerbated territorial and personal inequalities in the exercise of social rights (CiU).

It seems clear that regional and local action will be of decisive importance in the future of the system for protecting against poverty. The doubt raised by the players is the need to establish a Law of minimums to guarantee citizens basic and fair social rights (Caritas) (Red Cross). A series of minimum benefits would be established in it, on which the CCAA can establish the necessary supplements. With it, the universalisation of social services' benefits would be completed, as opposed to privatisation processes (PSOE) (CGTS). At present, different proposals for legislation of this type do exist but are paralysed because of lack of powers on the part of central government (OISS).

8. Path dependency of the reform

The basic system in which welfare benefits are rooted (in particular, minimum inclusion incomes) is the social services system. Between 1982 and 1993, the CCAA regulated their social services systems on the basis of constitutional recognition of an exclusive

competence over social welfare. This legislation was based on universal modernising principles and did not make reference to social welfare. It assumed, however, a legacy of local and regional charity institutions. The social services have moved between a universalistic orientation and their welfare nature. Attention to exclusion and social outcasts is only one of their poles. Minimum income schemes have stoked tension between the two. Many professionals are unwilling to identify social services with the marginalized, yet at the same time they have taken responsibility for the traditional recipients of social services.

These days, social services suffer from scant coverage, low-scale protection and a notable difference of equity between social benefits in the different CCAA (OISS) (DGASMF) (Caritas). Unlike other systems, social services depend on the availability of credit and the discretion of professionals (OAP).

Unlike other systems, social services lack a clear image in the eyes of public opinion or politicians, as they are still associated with charity, the underprivileged, outcasts or minorities (OAP) (USAL). It is, therefore, the centre stage system of welfarisation (CEOE).

POLICY MAP ON WOMEN'S LABOUR PARTICIPATION AND FAMILY PROTECTION

1. Key reforms

Article 14 of the Spanish Constitution of 1978 established the principle of formal equality ('all Spaniards are equal before the law, and no discrimination whatsoever may prevail...') and, thus, the legal equality of women. This principle formed the basis of the first pro-women policies in the democratic era. At that time, a negative sensitivity built up towards family protection policies, because they were associated to the Franco dictatorship's interventionist approach, under which women were only entitled to certain rights and benefits as a member of a family (spouses, mothers or daughters). During the first stage of the new democracy, the idea that spread was that policies geared to the private sphere, the family or motherhood weaken the achievement of women's civic and political rights.

In 1983, the Women's Institute (*Instituto de la Mujer*) was set up to foster and promote equal opportunities, in order to procure the conditions necessary to enable women to participate in political, cultural, economic and social life. Measures to do away with discrimination against woman have been brought into play through a string of Equal Opportunities Plans that enforced cross or inter-departmental policies involving actions in different areas and levels of the Public Administration, although the strongest policies came in the social services areas. The ACs, which were responsible for their own social services, followed suit and set up their own institutions and planned their own equal opportunities policies.

Against this background, the incorporation of women into employment has been one of the key means for achieving the full personal and social development of women and equal opportunities. Spain has a lower female employment rate and higher female unemployment rate than any other EU country. Similarly, recently female employment has become one of the keys for sustaining social protection systems, in the context of the achievement of full employment.

All the same, achieving the full incorporation of women into work poses serious challenges for a 'Mediterranean' welfare state in which the family plays a key role in procuring welfare for its citizens: micro-solidarity, pooling of resources and mutual support. When people talk about the protective role of the family, they are actually referring to the often-invisible work of the women who care for and look after the other members. These include a group of women between 40 and 64 years old who have joined the job market while at the same time doing the household chores, others who, after bringing up their children, have turned to looking after the elderly and others who are grandmothers and look after their grandchildren so that their children can stick to their career paths.

Spanish families perform these tasks in spite of the almost total lack of family welfare policies or programmes. Be it a question of cultural tradition or something that has remained in place since Franco's days and the orientation of the democratic transition, the fact is that Spain lags way behind its neighbouring countries as far as social welfare structures are concerned, and in particular with respect to the family. Nowadays, all the social partners share this view.

The end of the Nineties witnessed a change of course in concern with the family. Social policies are very weak and have little impact when responding to these changes (CiU). According to many of the interviewees 'little has been done in the fields of social protection for families,' (UGT) and 'household spending is almost symbolic, in spite of the fact that there has been a certain increase over the last few years' (El País), the latest measures have been positive but are insufficient (El Mundo). This change has been driven by concern with the low birth rates, the increased dependence linked to population ageing and the evidence that women were steadily joining the job market. This entire change of course falls under the umbrella concept of reconciling professional and family life. In this context, the dilemma is knowing what will happen when equal opportunities policies are put in the balance alongside the policies designed to reconcile professional and family life, and what bearing it will have on Spanish women's opportunities and rights.

2. Key problems

Nowadays different approaches are taken to the problems in the debates and in enforcing pro-women policies. Broadly speaking, there are two types of problems: on the one hand, the lack of equality between women and men, in particular in access to employment and, on the other, the difficulties that families face in performing what used to be traditional tasks. As a matter of fact, the policies and approaches seem to be evolving from the first type towards the second type.

However, both share the same view, namely that there is no going back, as far as women joining the job market is concerned.

- a) Female participation wife in social, economic and cultural fields, in particular, female involvement in the job market.

While acknowledging that women's situation has improved over the last twenty years, the interviewees stressed that much stills remains to be done. The problem is addressed in the light of female employment figures. There has been an upturn in the pressure on job seekers and consequently on female unemployment rates (which double male unemployment rates). Besides, women perform part time work and low-skilled activities (lack of stability in their working lives) to a much greater extent than men. Very often women continue to be paid lower wages than men for doing the same type of job.

Some interviewees see the problem as an issue of equal opportunities (USAL). Other interviewees stated that the entry of women to the labour market is an element of economic potential (El País) that will serve to achieve full employment and boost the welfare system (CEOE) (CEIM).

- b) Difficulties in responding to problems that traditionally were resolved within the family.

One of the reasons for the fresh interest in family policy is the concern with the combination of the low birth rate and longer life expectancy. The low birth rate is linked to women's declining interest in motherhood, because they give priority to obtaining a stable job and put off having children. It is clear that people would like to have more children but limit themselves to compromise solutions, due to financial reasons, the burden of bringing up children and the importance of women's jobs. Couples try to make their professional careers compatible by sharing tasks and with

their relatives' support. One interviewee also linked the problem to a cultural change, a loss of the strong sense of responsibility for the family and the fact that more individualised forms of behaviour are blossoming (El Mundo).

All these changes are a threat to the family's solidarity role. These changes prompt new needs derived from the entry of women to the labour market, since they tend to take responsibility for looking after children and the aged (FEDEA). It is acknowledged that much of the family's supportive role (which is the great buffer of social welfare, DGASMF) (El Mundo) could well disappear.

Some of the interviewees also stated that there is a de facto problem in tailoring policies to families' new needs, in particular the changes in the forms of cohabitation (PSOE).

In recent years, violence within the family, especially against women, has also become a key issue on the public and political agenda. Some of the interviewees labelled it in different ways: 'gender violence' (Red Cross) 'battered women' (CCOO) or 'family abuse' (El Mundo). According to the Spanish, domestic violence is no longer a private matter, but instead a social and public problem (USAL).

3. Proposed solutions

The policies and programmes geared towards fostering equal opportunities for women, making professional and family life compatible, or supporting families are implemented through large-scale multi-annual plans¹⁵. Since 1988, the authorities have launched four Programmes on Equal Opportunities for Women and Men (PIOM) and since 1998, the Spanish Employment Action Plans (PNAE) include a point that aims to move towards giving the women equal participation in the job market. In 1997, all the Parliamentary Groups endorsed the 'Report on the current situation of the family in Spain', which had been prepared by the Spanish Parliament's Social Policy and Employment Committee, and since then the Spanish government has enforced other measures such as the 1999 Family and Professional Life Reconciliation Act and the Integrated Family Support Plan (2001-2004), approved by the Spanish Cabinet in November 2001 (PIAF).

These Plans are geared towards broad objectives and principles and put propose cross or inter-departmental measures, implemented through different courses of action:

a) Fiscal.

Spain's PP government has stated that its fiscal policy has sought to treat and protect families better, and endeavoured to compensate them for the cost of looking after and bringing up their children at home. In particular, as part of the Government's sweeping tax changes, the 1998 Income Tax Act (40/98) established the Minimum Personal and Family Income, which is defined as the expenses deemed necessary to meet the minimum needs of taxpayers and their dependent relatives and is deducted from taxpayers' taxable base. The Act did away with the allowances for medical expenses, insurance premiums, expenses of looking after children or the elderly,

¹⁵ Different areas and departments of the public administration have different powers relating to social policies for women or families. Given the difficulty of outlining all the measures enforced by the whole of Spanish public administration, this policy map focuses on the measures enforced by the central administration and some of the initiatives of other administrations.

maintained the home-buying or home-renovation expenses allowance, and brought in family reductions and a means-tested kindergarten expenses allowance.

In another Personal Income Tax reform in 2003, the Government increased the tax cuts in order to compensate household incomes in terms of the number of dependant relatives, bringing in deductions and benefits for the birth of a third child and for looking after children under the age of three. In particular, under the reform working mothers are now entitled to receive €100 a month for three years after their child is born (without any means test).

Those who criticize these measures assure that 'welfare spending is being replaced by tax deductions that mostly benefit high-income groups and businesses.' (UGT). All these benefits replace direct subsidies with tax deductions, which are now being applied in ways that the experts consider far more regressive, because they take no account of household income differences. For instance, the Minimum Income is applied to the taxable base and therefore produces inequalities between families with different levels of income.

b) Job market and employment policies.

Throughout the Nineties, improvements have been made to the benefits that working men and women receive for looking after their families. For instance, in 1995 the maternity leave period was extended and the amount paid to working mothers during such period was increased.

However, the reform that has attracted most attention has been the 1999 Family and Professional Life Reconciliation Act. The Act amended the conditions governing leave and extended leave of absence related with maternity, paternity and looking after one's relatives (maternity, adoption or fostering, upbringing or caring of dependent relatives), makes it easier for men to perform these tasks and protects people in these situations from being dismissed or being considered absent from work. It also provides protection in situations when the mother's or foetus' health is at risk by introducing a new Social Security welfare benefit. Lastly, to prevent employers from having to pay the social costs of such leave, which could have negative consequences on employment, especially of the female population, and as a way of fostering employment, it envisages reductions in employers' Social Security contributions for common contingencies, provided that unemployed people are hired on a temporary basis to stand in for the male or female worker during the maternity, adoption or fostering leave periods. This measure comes hand-in-hand with the 'zero cost' programme, which enables employers to pay lower social security contributions when they hire employees to replace workers who are on maternity leave.

Therefore the Spanish job market is seeing new measures and incentives that are not intended to curb unemployment, but instead are explicitly designed to reconcile professional and family life. In spite of this, the 2002 PNAE also brings in positive action both to increase the number of women in employment and the number of women with open-ended contracts.

The 2001-2004 PIAF also envisages the development of the 1999 Family and Professional Life Reconciliation Act regulations and lower social security contributions for employers who hire unemployed women after they have had children, unemployed single fathers and mothers with dependent children or who allow women to return to work after having taken maternity leave. The social

partners have contributed to this type of reconciliation by drawing up codes of good practices.

c) Family benefits.

In 1990, the Social Security Non-Contributory Benefit Act (26/90) implemented a means-tested benefit for low-income families, both inside and outside the contributory system, with children under the age of 18 years and/or disabled. The amounts of the benefit and annual income ceiling required to be entitled to the benefit were very low.

The amount of these benefits remained unchanged until 2000, when Royal Decree-Law 1/2000 raised the amounts slightly and established two new single-payment benefits for low-income families: for childbirth and multiple childbirth. The 2001-2004 PIAF envisages the raising of the annual income ceiling established for entitlement to the benefits, the updating of child benefit amounts, and the raising of the amount of the childbirth single-payment benefit and the extension of entitlement to this benefit to cases of adoption and pre-adoptive or permanent fostering. The policy regarding large families (with three or more children) is currently being updated.

d) Support services.

The Family and Professional Life Reconciliation section of the 2001-2004 PIAF contains a series of measures related to service that the public administration must provide to allow men and women to access the job market, without any discrimination whatsoever and without having to give up one's family responsibilities. These measures include the adaptation of infant education regulations to European legislation, the boosting of early childhood care services and the increase and development of services in the fields of home care, tele-assistance and daily and temporary stays in residential homes. Given that social services have been decentralised, all these measures will be implemented in collaboration with the regional governments and local institutions.

In addition to decentralization, several factors serve to explain the non-specific, voluntary nature of these measures, such as the role traditionally played by the family or the fact that the services need to be assigned budgets that are missing from these Plans.

The 2001-2004 PIAF also puts forward measures regarding housing policy, access to new technologies, review of Family Law, development of family counselling and/or mediation services, support for families in special situations, fostering of social participation and access to culture or the new legislation on the protection of large families. Many of these measures are not linked to legislation or budgets, so these Plans are confined to the regulatory sphere (USAL).

4. Overall policy goals

Broadly speaking, one could say that protecting the family is becoming a key goal in pro-women social policy-making. It could be argued that this progress is being made at the expense of lessening the importance of the equal opportunities policies geared to positive action towards women. An analysis of public policy texts and discourses shows that the aim is to achieve the two goals by reconciling family and professional life, a

method that is mentioned both in the equal opportunities plans and family support plans. Family support is also seen as a tool for helping women to join the job market.

The question is whether 'Reconciliation' is seen as a way of guaranteeing individuals' rights or whether, on the contrary, families are seen as the subjects of protection and rights. According to the 2001-2004 PIAF, Reconciliation serves to 'foster a more pleasant environment in which families can organize their lives as they wish...' with the participation of families themselves, businesses, social partners and the public administration. However, the IV PIOM proposes a balanced distribution of responsibilities in professional and family life in the light of women's difficulties in finding and holding onto remunerated employment together with women's cultural expectations, in addition to the need for men to become involved as part of a sweeping social change. One possible conclusion is that there does seem to be any clear and shared idea of the goal.

This same lack of clarity appears when one analyses the measures that are being implemented under this concept. The tax deductions are designed to offset maternity costs, the benefits to support families and most of the employment support measures are geared to mothers. One good example is the debate regarding the introduction of a monthly allowance of €100 for mothers during the first three years of motherhood. In 2001-2004 PIAF describes it as a family support measure (and does specify that it is limited to working mothers), while others consider that 'this allowance is for her, to reconcile her role as a working mother' (USAL). However, others (from the Ombudsman to PSOE) criticised the measure due to the fact that not all mothers were eligible for the allowance, showing that it was devised as a maternity allowance. In short, many of the measures aim to help families bring up or look after dependent relatives, i.e., to support the family so that it can continue performing these functions, in view of the lack of sufficient services. Furthermore, those who advocate these measures on demographic grounds tend to depict these measures as pro-natal policies.

The principle of reconciling professional and family life, i.e., the democratisation of women's and men's roles within the family, sounds good in theory but, like equal opportunities, depends heavily on regulations (USAL). Enforcing the principle of reconciling professional and family life would entail applying measures not only to women, but also to men, and that would involve acting upon the job market. This is where the hurdles arise: women's freedom to choose and negotiate at home is hindered by their secondary status on the job market. Generally speaking, couples tend to adopt strategies such that it is the lowest income earner who devotes most time to household chores. Policy-makers take the stance that, since it is a private matter, it is up to each couple to decide how much time each member devotes to household chores, and what chores each one does. 'It's a public problem that never appears as a public problem, but as a private one. It's taken a long time and great effort to turn domestic violence from a private issue into a public issue...' (USAL). And yet it is not a question of private debate, but of public policies and budgets. The commitment to reconciliation would imply also a commitment to invest in services. This means that current policies are heavily biased towards the family inasmuch as they establish family rights and therefore reproduce roles instead of modifying them (USAL). In this respect, the solution would be to make the general public aware of the need to 'articulate policies with appropriate public resources based not only on aid to families with dependent children but also on caring for the elderly' to ensure that women keep their jobs' (CEOE). In addition, it was

considered that it is not only a problem of resources but also of the '*conception of the response*' given to these problems, the solution of which continues to fall upon the family, and above all on *women*, whose demand to enter the job market will have to make this conception change, diversifying and broadening the supply of quality public services (Red Cross).

Furthermore, current pro-family policies take no account of changes in the forms of cohabitation and lifestyles: broken relationships, new relationships, new patterns of fatherhood and motherhood, reproduction and adoption... These pro-family policies continue focusing on the nuclear family (and afford special benefits to large nuclear families) and place different family patterns, such as single-parent families, alongside groups labelled as risk groups, i.e., 'unusual'.

Another point worth stressing is that the home-buying tax rebate or the unemployment benefits afford families much stronger support than monetary benefits and thus indirectly reinforce the traditional model of the head of the household.

Lastly, it is worth underscoring that many of these measures pay no attention to the different levels of income of the women or families that they aim to support, and therefore are regressive. This is the case of the monthly subsidy for working women with children aged under three. Due to the shortage of services, this general approach enables families with a higher purchasing power to contract many of the services on the private market (home helps, babysitters, carers, cleaners, etc.)

5. KEY ACTORS AND POSITIONS OF OTHER ACTORS. IMPORTANCE OF DIFFERENT ACTORS

The different interviewees seem to agree that family-related policies are few and far between in Spain and that this is one of the great challenges of the future for the social welfare system (CCOO) (CiU) (PSOE) (El Mundo). 'The family is still an important point of reference within our country's imagination, it is something that is championed and supported. It is an institution that both the rhetorically labelled left-wing group and right-wing group wish to safeguard.' (USAL).

Actually, the political parties are the main driving forces behind these new pro-family policies, both in their executive actions (the Government constantly declares that the family is one of the top items on its agenda, backing this up with heavy advertising campaigns) and in their parliamentary activities. Many of these policies arise when legislation is adapted to EU guidelines, but the two main political parties are unanimous in championing the family. Despite the fact that the Socialists paid hardly any attention to family issues when they were in government, now the PSOE is expressing a keen interest in family welfare issues (PSOE). In short, it would seem that neither the left nor the right want to be accused of lacking interest or 'falling behind', because that would probably make them lose votes (as with the pensions issue). Nevertheless, differences are to be found between the objectives and contents (for example, the support of large families).

As far as pro-women policies are concerned, the situation is rather different: the debate regarding positive action seems to have been won in theoretical terms, but not in terms of practical development. The latest advances seem more the outcome of the

continuation of policies already implemented by women's institutions, such as the Women's Institute, and Equal Opportunities Plans.

The social partners (employers' association and trade unions) do not seem involved in or sensitive to equal opportunities or making working life and family life compatible with one another. Both of them regard as a women's matter, except when the workforce is formed by women. In the opinion of one of the interviewees, the main driving forces behind changes in public policies regarding women have been the social movements and, above all, the personal experiences that have an effect on public opinion's perception of social problems (USAL).

ANNEX: RELATION OF INTERVIEWS

Political parties

Cristina Klimowitz, Salamanca City Councillor for Social Affairs and Senator for Salamanca (Popular Party, PP) (2 July, 2003)

Matilde Fernández, was the first female Minister for Social Affairs between 1989 and 1993 (Socialist Party, PSOE) (23 July, 2003)

Consuelo Rumí, Member of Parliament (House of Deputies), member of the PSOE executive responsible for Social and Migration Policy (3 April, 2003)

Montserrat Muñoz de Diego, Mayor of San Fernando de Henares (Madrid) and member of the United Left Federal Committee.(United Left. IU) (29 July 2003)

Carles Campuzano, Member of Parliament (House of Deputies) (Catalan Nationalist Coalition, CiU) (29 April 2003)

Trade Unions

Héctor Maravall, Assistant Institutional Secretary (Trade Union Confederation of Workers' Commissions, CCOO) (17 March 2003)

Jesús Pérez, Member of the Executive (Trade Union General Workers' Union, UGT) (also present during the interview Jaime Frades, UGT Research Department) (31 March 2003)

Employers' associations

Pilar Iglesias, Head of the Labour Relations Department. (Spanish Confederation of Employers' Organizations, CEOE) (9 July 2003)

Pablo Gómez Albo, Director for Labour Affairs (Madrid Business Confederation, CEIM) (1 July 2003)

Government officials

Manuel Porras, , Deputy Director General of the DGASMF (Directorate General for Social Action, Minors and the Family, Ministry of Labour and Social Affairs) (24 April 2003)

Practitioners' associations

Miguel Ángel López Cabanas, Social Intervention Psychology spokesman (Official Association of Psychologists of the Madrid Region) (2 March 2003)

Ana María Aguilar Manjón, spokeswoman (Spanish Official Association of Social Workers) (24 April 2003)

NGOs and interest groups

Adolfo Jiménez Fernández, Secretary General (Iberian-American Organisation for Social Security, OISS) (26 March 2003)

Antonio Sánchez López, Director (Luis Vives Foundation) (10 June 2003)

Estrella Rodríguez Pardo, Activities and Services Department (Spanish Red Cross) (22 April 2003)

Victor Renes and Andrés Aganzo, research members (Official Confederation of the Catholic church's charity and social work organisations, Cáritas) (14 April 2003)

Media

Andreu Missé, deputy editor (daily newspaper, El País) (22 April 2003)

Vicente Mateu, staff writer (daily newspaper, El Mundo) (8 July 2003)

Experts and 'think-tanks'

José Antonio Herce, Director (Foundation for Studies in Applied Economics, FEDEA) (21 April 2003)

Soledad Murillo, Lecturer in Sociology and expert in gender issues (University of Salamanca) (19 June 2003)